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Bahamas

UN Commends Nation in 'War Against Drugs'

FL1801155190 Bridgetown CANA in English 1509 GMT 18 Jan 90

[Text] Nassau, The Bahamas, Jan 18, CANA— The International Narcotics Control Board of the United Nations has commended the Bahamas for its role in the war against drugs, the NASSAU GUARDIAN reported.

The board's 1989 report said a series of measures enacted by the Bahamas since 1987 and successful operations of the Royal Bahamas Defence Force acting independently or with the United States Coast Guard have had a major impact on the pattern of illicit traffic.

"The firm committment to the Bahamas and its exemplary co-operation with other countries are beginning to show results," the report said. It also said that the illegal production and abuse of drugs worldwide have reached "a new and dangerous stage," and every person who uses such drugs is personally responsible for the serious problems that drug trafficking has caused.

The report suggested that the question of legalizing some or all drugs should be emphatically rejected. Such an approach would send the signal that drug use was to be sanctioned, and would lead to a radical increase in drug abuse and drug-related deaths, escalating health care costs and destroying families and basic social values, the report says.

The legalization of drugs or "any slackening of the control effort is morally indefensible and tantamount to the surrender of the world community to the drug cartels," the report continues.

The board urged countries where the consumption of illicit drugs is widespread to enact measures to contain and reduce demands. It said the international community should "provide promptly, and to the greatest extent possible, the assistance requested by any government under seige by traffickers."

According to the 35-page report, general trends show sharp increases in drug-related deaths, drug abuse and illicit trafficking remain widespread through many regions. Drug-related crime is said to be rising more quickly than any other type of criminal offence; and seizures of heroin, cocaine, cannabis and amphetamines to be reaching record levels in many countries.

A "new and ominous" development is the severe damage to the environment in countries where the opium poppy and cocoa bush are being illegally grown, the report says.

In Latin America, drug trafficking has become "a dominant public issue" and heavily armed cartels with enormous financial resources continue ruthless efforts to undermine political institutions, disrupt national economies and murder officials and private citizens, according to the report. With drug abuse spreading throughout the continent, Latin America risks becoming a major consumer of its own illicit products, it said.

On the positive side, the board noted that educational measures and information campaigns were beginning to have an impact in the anti-drug war, and increased international co-operation was yeilding good results in the effort to wipe out drugs.

Haiti

President Avril Castigates Constitution Group

FL1801204990 Port-au-Prince Radio Soleil Network in Creole 1000 GMT 16 Jan 90

[Text] General Prosper Avril directly pointed the finger at the Unity Committee for the Respect of the Constitution, which took responsibility in the name of the Haitian people for sending a telegram to Taiwan's president.

Here is what the press release on this matter said: The Haitian people have learned, through a Haitian Information Ministry communique, that your government has extended an invitation to President Prosper Avril. The Civilian Society Initiative Group in Favor of Respect for the Constitution [name of group as heard] informs you that the Haitian people do not know why Gen Avril is going to your country. Consequently, any commitments that might be made by President Avril or any member of his delegation will not be binding on the Haitian people. Thus, the Haitian people will not be responsible for them.

Father Antoine Adrien, Antoine Izmery, and Dr Louis E. Roy signed this message for the Unity Committee for the Respect of the Constitution.

We point out that according to (?a news report) from the government, the delegation was to sign a few contracts, for several million dollars. This matter, however, was not mentioned at all in last night's speech or in the Information Ministry press (?releases). Thus, what the general is bringing back to Haiti is the solidarity and understanding that the Taiwanese authorities sent the Haitian people.

Opposition Reaction to Avril's Taiwan Trip

ANDP Statement

FL1801151490 Port-au-Prince Radio Nationale in Creole 1200 GMT 17 Jan 90

[Text] The National Alliance for Democracy and Progress [ANDP]—made up of Marc Louis Bazin's Movement for the Establishment of Democracy in Haiti, MIDH; Serges Gilles' Nationalistic and Progressive Revolutionary Party of Haiti, Panpra; and Dejean Belizaire's National Patriotic Movement of 28 November, MNP-28—has made a statement on President Avril's trip to [the Republic of] China and on the current political situation. ANDP notes that the Haitian president's and delegation's visit to China provided the possibility for certain sectors of the political class to (?take certain stands, reach certain decisions and make certain commitments) which continue to persist. Unfortunately, once again they are employing a number of strategies that are outmoded, worn out.

The ANDP says, further, that following the strike and many called-for demonstrations that failed to take place, unidentified persons have unleashed a war of grafitti by going around writing things on walls in the capital. The ANDP says these slogans demonstrate what it terms triumphalism that is not in keeping with the prescriptions of the Constitution, which asks that democracy be implanted in Haiti by means of free and honest elections.

ANDP also condemns the improper conduct of these same people, who dirtied the headquarters of certain political and union organizations in Haiti with trash (?and) fecal matter.

The alliance, which according to its statement is seeking unity among the democratic forces to hold proper general elections in 1990, asks that the transition in Haiti be made openly.

This press release is signed by Marc Bazin for MIDH, Dejean Belizaire for MNP-18, and Serges Gilles for Panpra.

PUCH's Theodore Comments

FL1801145990 Port-au-Prince Radio Metropole in French 1500 GMT 17 Jan 90

[Excerpts] [passage omitted] As far as the Unified Party of Haitian Communists, PUCH, is concerned, the president of the military government returned empty-handed from his visit to China. The communists feel the general has brought back nothing but promises.

Commenting on the speech General Prosper Avril made upon returning from China, PUCH leader Rene Theodore thinks the general's criticisms of the opposition are truly gratuitous.

[Begin Theodore recording, in progress, in Creole]... come back to the country empty-handed, with only air in his purse. I mean, in the light of all the hopes that....[changes thought] He gave to understand that he was going to Taipei and going to solve some of Haiti's problems. He returned to a country that was pretty much expecting something. Even though opposed to it, everyone was expecting certain results. You might not be in favor of the results. They might be contested results, but people nevertheless expected some kind of result, regardless of what it might be.

And now you are told there are promises but no agreements. And we didn't hear that the president of the military government, who did not even take advantage of his first contact with the nation upon his return to tell us about any successes in the negotiations that were supposed to take place on—what problem? [sentence as heard] Instead, what did the government do? It immediately began attacking an entire series of people: opposition sectors, who went on strike, who took advantage of the fact that he was out of the country; others, who sent a telegram; and so forth. This is what interested and concerned him the most. [passage omitted] [end recording]

Rene Theodore says he is not affected by the label of nomad given by the general to the intellectual elite. Theodore feels Gen Prosper Avril is himself part of this clique of nomads who have money abroad. Theodore feels the leader of the military government should set a good example himself by repatriating the funds he has abroad and investing them in Haiti.

As far as PUCH leader Theodore is concerned, the welcome given the chief of state on Monday at the international airport is not at all a popular one.

EEC Commission Visits Ministries, Others

FL1801175390 Port-au-Prince Radio Nationale in Creole 1200 GMT 18 Jan 90

[Text] Minister of Commerce and Industry Edmond Dupuy and a commission from the European Economic Community, EEC, that has been in Haiti since Monday, 15 January, met with representatives of several private sector associations yesterday afternoon at the Holiday Inn [Le Plaza] Hotel. Minister Dupuy reiterated the promise he made upon taking office: to begin an open, honest dialogue with business circles in Haiti to put the national economy back on its feet within the framework of a policy of concerted action, dialogue, and understanding.

The EEC Commission, made up of Mr. (Rawson), director of the section for the West African, Central African, and Caribbean bloc; and Mr. (Frestel), said for their part, that the acceptance of Haiti into the Lome Accords last 15 December is of capital importance for Haiti. It can get Haiti out of its current rut of underdevelopment. They said they were in Haiti to better inform themselves about the mechanisms (?and) possibilities for industrial cooperation (?with) Haiti. They also announced that a fact-finding mission will be coming to Haiti before the end of next month to [words indistinct] the entire private sector and the general public about the procedures that will be set up in connection with the Lome Accords.

This meeting, which was extremely interesting, allowed these people to broach numerous subjects of great interest to Haiti, other problems regarding the private sector, and the advantages of the Lome Accords to Haiti. These topics were stressed.

We remind listeners that this commission visited several ministries yesterday morning: Foreign Affairs; Planning and External Cooperation; Finance; Public Works, Transportation, and Communications; and Commerce and Industry. The commission is to visit the Ministry of Agriculture, Natural Resources, and Rural Development today. It will also go to Goayavier, a rural section of the town of Saint-Marc, where there is an EEC-financed project underway.

Jamaica

Vice President Quayle's Upcoming Visit Noted

FL1801190890 Bridgetown CANA in English 1825 GMT 18 Jan 90

[Text] Kingston, Jamaica, Jan 18, CANA— U.S. Vice-President Dan Quayle is to visit Jamaica from January 27 to 29 as part of a three nation Latin American diplomatic mission to mend fences following the invasion of Panama, a GLEANER newspaper report said here.

The U.S. Embassy in Kingston said that they were aware of the plans but were unable to give any details. Quayle, who is not well-liked by some Latin American leaders, is being dispatched by President George Bush to convince regional leaders that the December invasion of Panama is not a return to American interventionist policies in the region, the report said.

President Rejects 'Foreign Interference'

PA1801155390 Hamburg DPA in Spanish 2231 GMT 16 Jan 90

[Text] Mexico City, 16 Jan (DPA)—Mexican President Carlos Salinas de Gortari today vigorously rejected foreign interference—under the disguised pretext of the struggle against drug trafficking—in Mexican domestic affairs.

During a ceremomy to honor 44 policemen who were killed by drug traffickers in 1989, President Salinas also announced that all the weight of the law will fall upon government corruption and policemen and government officials involved in drug trafficking activities.

The ceremony and the president's speech were considered a response to a television series about alleged government corruption in the Mexican struggle against drug trafficking broadcast by a U.S. television network last week.

In his speech "in the memory of honest policemen and the actions of brave men," Salinas said: "In the same way in which we praise efficient actions against drug trafficking, we also severely punish and will punish the corruption that drug trafficking has caused."

Clearly referring to the United States, President Salinas said that corruption is not an evil exclusive to the countries that produce or transport drugs, but also "and above all" is found in the countries "that consume exaggerated amounts of drugs."

After stating that the drug traffickers' power resides in corruption, Salinas said that that corruption has turned drug trafficking into a danger for state security and into a "pretext for foreign interfence in other countries' domestic affairs," which he described as "inadmissible."

Salinas stressed: "Thus, the first thing that must be done concerning drug trafficking is to dismantle and destroy the corruption networks that protect it."

After reiterating his government's determination to continue the fight against drug trafficking, Salinas asserted that he would do so to protect Mexico's sovereignty, internal security, and public health, "and not because of foreign pressure."

Salinas concluded saying: "We will maintain our international responsibility, regardless of the few or many efforts by other countries, because drug trafficking is an overall problem; it is a network that involves many nations. It must be clear, however, that only Mexicans will act in Mexican territory.

El Salvador

Attorney General Office To Prosecute Jesuit Case

PA1801225590 San Salvador TCS Television in Spanish 1215 GMT 17 Jan 90

[Passages within quotation marks recorded]

[Text] According to Attorney General Mauricio Eduardo Colorado, his office will act as the official prosecutors of the eight military personnel—including the military school director—involved in the deaths of the Central American University's Jesuit priests. Dr Colorado said they are only waiting for reports to reach the 4th Penal Court to start proceedings.

[Colorado] "The prosecutor's office is waiting for the investigation reports to reach the court to be able to proceed with all the firmness and rigor of the law against those found guilty in the sad and painful case of the Jesuit priests and their two employees."

He said this proved that the Salvadoran administration of justice was improving, and added that the judge handling this case will have a great responsibility, as there is a good possibility that the military personnel will be tried.

[Colorado] This case is very delicate because it is so famous and political. A judge who would now dare—this is just an example—to decree someone's release would be strongly criticized by the world. We are at a phase where culprits have to be found. These are it, and we have to get them. We do, however, want to be very careful, and, although we are almost sure that these persons are guilty, we would not like to make a mistake regarding the responsibility each of them had in the crime."

On ending, Dr Colorado commented on the possibility that the FMLN [Farabundo Marti National Liberation Front] could be involved in the case, as has been stated by political sources. He said that investigations were at an initial or preliminary stage, and thus this possibilty could not be ruled out.

Guatemala

Gramajo Says Guerrilla Groups Now Only Cuban

PA1801024990 Panama City ACAN in Spanish 2240 GMT 17 Jan 89

[Text] Guatemala City, 17 Jan (ACAN-EFE)—Guatemalan Defense Minister General Hector Alejandro Gramajo asserted today that the guerrilla movement has been "decimated" and that the insurgent groups are made up of "Cuban mercenaries."

In statements to the press in the halls of Government Palace, Gramajo said that military intelligence has detected four guerrilla groups "made up of 28 persons each" in Guatemala.

According to the military officer, the rebel groups "force and intimidate the peasants into listening to their subversive messages" in the southern regions of Esquintla, Chimaltenango, and Sacatepequez and in the country's north.

He emphasized that "the ones remaining in the guerrilla groups in Guatemala are Cubans, and they are the ones keeping up a presence in our country."

Regarding the request for his resignation that was made by the rebel group called "Mountain Officers" 2 days ago, Gen. Gramajo said that he has worked the way he should and has no reason to resign.

"The Mountain Officers are civilians from the capital city who belong to the hotheaded ultraright sector. They have tried to break the institutional order by taking advantage of retired Army officers," the defense minister remarked.

* URNG's Commander Moran on Insurgency

90EM0063A Mexico City LA JORNADA in Spanish 12 Dec 89 p 27

[Interview with URNG Commander Rolando Moran by Gregorio Selser; date and place not given]

[Text] Madrid. During our interview with Commander Rolando Moran, one of the four members of the general command of the URNG [Guatemalan National Revolutionary Unity], we asked him, among other things, about the current status of the armed conflict with the military forces.

[LA JORNADA] Is the Guatemalan guerrilla activity once again in a declining phase, as the government claims?

[Moran] No, not at all. After the Army's 1987 and 1988 offensives with the express objective of annihilating the revolutionary resistance in Guatemala so it could then pursue a reformist counterinsurgency program, it failed. The last one was called the "Fortress 88 Offensive." The Army suffered such great damages that it has since been unable to contain the guerrilla movement's advance. We can't say that it was a spectacular, sensational, or culminating phase of the civil war, or the culmination of our country's liberation process. But it was a very important phase, for the guerrilla movement expanded geographically, extended its influence to other areas, and, above all, raised the level of its tactics and of its actions, which are now moving to the periphery of the major urban areas.

[LA JORNADA] That isn't what is perceived outside of Guatemela. Something that significant and striking should be reported by the media....

[Moran] The reason is that some circumstances of a temporary nature have allowed the Guatemalan regime to maintain silence about the course of the war. We don't deny that we have had a hard time publicizing and providing graphic images of the struggle. And it is true that the progress of our struggle is practically unknown, and this allows the Army high command to say that we are simple groups of isolated guerrillas who crop up sporadically and conduct some action, apparently without any connection, without coordination, without any overall planning. This is related to the general situation at the present time in Latin America and in the area. Guatemala is a country that has been very well known for its major periods of military domination and repression of the people; now, all of a sudden, from 1985 until the present time, with a popularly elected civilian president in office, it has started a period of transition to democracy. It has been very hard to make people realize this was all a sham. The URNG has said this ever since the start; it was only a maneuver that in time would show its true colors and come apart. Now, 4 years later, that democratic transition which appeared to be getting started with Vinicio Cerezo in the presidency, has proved to be a pretense, a coverup for a counterinsurgency regime under a mask of civilian leadership, of apparent democracy and institutionality.

[LA JORNADA] Are you speaking of the repression, and the widespread human rights violations?

[Moran] Yes, and I don't want to ignore our military activities; I'll get back to that issue later. But institutions as important as the European Community, the Government of Sweden, Amnesty International and other groups have been saying that the situation in Guatemela should again be considered under Point 12 of the agenda of the United Nations Human Rights Commission in Geneva. Guatemela was included under Point 12 during the military regimes, when the most atrocious crimes against humanity were committed on this continent, although in large part they are still unknown. Cerezo has managed to make people believe from the start that by itself a civilian government could transform structures and institutions, and so he was able to get Guatemala moved from Point 12 to Point 22 of that agenda.

[LA JORNADA] What is Point 22?

[Moran] Point 22 doesn't totally exonerate the regime from any blame; instead, it calls for monitoring and helping the regime to solve human rights violations problems. A regime that came in through elections, under the banner of a democratic transition with loans from international institutions and with the world's hope and expectations behind it, now, during the second half of its term, is resorting to violence, to repression, and once again to massacres, kidnappings, disappearances, and assassinations of political, union, and popular leaders. Why? Because the nation's political and social problems have not been solved. This is made quite clear by the internal armed conflict, the civil war that is being waged by a genocidal army on one side and the armed popular forces on the other. This is a confrontation of lesser dimensions than others that are being fought in the Central American isthmus. It has not been admitted by Cerezo or by the Army, and in the international arena great care is being taken not to recognize this fact, in order not to dampen the hopes in that fictitious democracy that emerged from deals between the military and political sectors.

[LA JORNADA] Can you tell us some specifics about the most important features of this confrontation?

[Moran] Yes, let's start with the irrefutable fact that, despite the acknowledged military power of the Army, despite the power of the United States, of the multiple advisers from Israel, and despite the backing of various Latin American armies who have sent their advisers, they have not been able to defeat the revolutionaries who took up arms. We have remained in existence and fought actively with full popular support, and we are even growing. If we really were tiny groups of terrorists who were acting sporadically, we would have been completely wiped out some time ago. Many generations have gone through this armed struggle, passing on their longing for national liberation from one generation to the next.

[LA JORANADA] Are there any reliable statistics on the cost of this civil war in terms of human lives?

[Moran] It's hard for any agency or institution to develop statistics on the number of deaths, casualties, and other victims of a civil war that has already gone on for over 30 years; but one indication of what it has been costing our people is that international humanitarian institutions cite figures of millions of persons displaced by war, of hundreds of thousands of people who have left the country, of hundreds of thousands of orphans and of tens of thousands of widows. But that sort of quantification is hard to verify. How can you give figures about the extermination and eradication of the native peoples in the departments of Quiche, San Marcos, Huahuetenango, Alta and Baja Verapaz, and el Peten, where the highest demographic percentage in the country had been concentrated?

* CACIF Analysis of 1990 Budget

90EM0057C Guatemala City PRENSA LIBRE (ECONOMICO FINANCIERO SUPPLEMENT) in Spanish 22 Nov 89 pp 1-22

[Special edition: "The 1990 National Budget"]

[Excerpts]**Summary**

Year after year, history repeats itself. And the time has come to publish the "Analysis of the 1990 National Revenues and Expenditures Budget Bill," compiled by the organized private sector, which is the only analysis of the National Budget that has been submitted for publication to date.

Published early in September in this column was the draft budget for 1990 proposed by President Vinicio Cerezo, and the one proposed by his finance minister at the time, Dr Rodolfo Paiz Andrade, who has now returned to Harvard University for studies, financed by the Guatemalan Government. [passage omitted]

The 1990 National Revenues and Expenditures Budget Bill, totaling 3,834 million quetzales, has raised the spending level beyond the means of the population. Basing its structure on the forecast of a robust and favorable economic environment for next year, the bill projects next year's Current Revenues at 2,782 million quetzales, and a budgetary deficit of 598 million quetzales.

There are reasons to believe that these projections are too optimistic; that the economy's performance in 1990 will not be as favorable as forecast; that revenue from tax collections will not be as high as projected; and that, on the whole, the deficit will be considerably higher. This situation posits serious economic and social consequences to the population in the form of higher prices and deterioration of the rate of exchange.

Recent history attests to the consequences of high deficit spending. The high spending levels of 1980 and 1981 made their effects felt between 1982 and 1984, in the form of price increases and a devaluated currency. Today's lack of prudence is paid for tomorrow.

Inflation is one of the cruelest punishments a government can inflict on the people. It destroys the value of the fruits of their labor, their savings and their hope for a better future. This cost is imposed by the government's inability to limit its spending. Just as any working person finds himself or herself compelled to reduce his or her spending when so required by availability of means, so should the government, setting the example, adjust its spending to the condition of the national economy.

Compounding the worrisome rise in proposed public spending is the allocation of this spending. The spending of public funds that the population sacrifices so much to provide has become a political instrument wielded with discretion by the government.

Only a small fraction of these public funds are being used to provide basic educational and health-care services to the population. The condition of the social infrastructure is lamentable. Security and justice appear to be distant icons. None of this is owing to lack of funds. Government revenues have increased dramatically over the past few years. Rather, it is owing to the fact that these funds have been and are continuing to be wrongly allocated.

CACIF [Coordinating Committee of Farming, Commercial, Industrial and Financial Associations] views with alarm the proposed level of public spending in excess of the public's means, and points out the urgent need to reorient spending towards providing more and better service to the society. In view of the foregoing, CACIF calls upon the deputies of the Congress of the Republic to examine conscientiously the size and form of the National Revenues and Expenditures Budget Bill for 1990, with the following recommendations.

Recommendations

1) Eliminate the deficit spending from the National Spending Budget for 1990 by trimming public spending, thus avoiding dangerous consequences for the country's economic and social stability.

2) Reduce Operating Expenses in all ministries and their dependencies by 20 percent, as an example of frugality and austerity in the management of the funds which the population sacrifices so much to provide for the common welfare.

3) Allocate the reduction in Operating Expenses to educational, health-care, security, and justice services for the population.

4) Examine carefully the investment projects and budgets to determine which should be approved, and establish oversight mechanisms to ensure that investments are brought to fruition in the manner the Congress shall have approved.

5) Prohibit the transfer of funds between ministries and programs in an amount exceeding 50,000 quetzales, without prior authorization by the Congress of the Republic.

6) Prohibit the transfer of spending between the Operating Expenses, Investment, and Debt Service sections of the budget, so as to ensure that actual spending totals are those that have been approved by the Congress.

7) Eliminate the confidential spending that is accounted for by the Administration as "Other Expenses."

8) The Congress of the Republic should evaluate the Administration's performance in the carrying out of the preceding year's budget, on the basis of the "Close of the Accounting Year and Balance of the National Revenues and Expenditures Budget" report that is to be submitted by the National Accounting Directorate. This report will provide the Honorable Deputies with additional judgmental input prior to examining the Revenues and Expenditures Budget for the next year.

Introduction

Within the context of analyzing the 1990 Budget Bill introduced by the Executive branch, it is important to analyze the tendencies evidenced by the quantitative trend of actual national spending over the past few years. It is particularly appropriate to consider some of the more salient aspects of the overall fiscal view that has characterized the present Administration.

1. Quantitatively speaking, it can be unerringly stated that government spending has increased dramatically during this Administration's period in office. The Christian Democratic Administration has spent almost 15 billion quetzales in its 5 years of governance, which is more than the combined total spent by all the Administrations of the previous 25 years.

2. More worrisome than the sum of this spending, has been the use to which it has been put. There is not a single works project in existence to justify the high level of public spending. Operating expenses have skyrocketed while investments have remained stagnant.

3. The result of this increased spending has been an increased bureaucratization and politicization of the public administrative function, accompanied by a conspicuous inability to carry out the planned investment program.

4. The Administration's poor performance in the carrying out of investment plans has meant that, while the public administrative function has been bureaucratized and politicized, the basic public services such as health care, education, the infrastructure, security, and justice have suffered stagnation and deterioration.

5. For these reasons, although the sustained growth in government spending is worrisome, the fact that this growth has not been translated into greater accomplishment is even more so. The Administration grows and grows but produces no increase in the quantity or quality of health-care, education, security, or justice services.

6. Factually speaking, public spending in 1988 was two and one-half times that of 1985, but the Guatemalan citizen was no better served for it. More of the same is being proposed by the National Budget Bill for 1990: much spending, little investment, and lack of attention to the basic services such as health care and education of the population.

[passage omitted—Section 1—Public Spending 1976-1989]

Section 2—1990 Budget

A. The Economy in 1990

The General National Revenues and Expenditures Budget Bill for 1990 introduced by the Executive branch, through the Ministry of Finance, totals 3,838 million quetzales. This represents an increase of 190 million quetzales, or 5.2 percent, over the 1989 budget. At first glance, therefore, the 1990 budget gives the impression of amounting to a budget of moderate growth, commensurate with the statistics and projections available as of the date of its compilation.

But to evaluate the degree of realism of the projections contained in the budget and to consider the budget's economic consequences, it is necessary to delve into several factors that are either totally ignored or insufficiently taken into account by the bill.

The bill forecasts the behavior of some of the economic indicators for 1990 as follows:

a) A national production growth rate of 5 percent; b) An employment rise of 4 percent or 5 percent; c) An inflation rate of 8 percent; d) A significant strengthening of our balance of payments position.

There is cause to believe that these projections are too optimistic and that the 1990 macroeconomic environment will be less favorable for the growth of economic activity than in 1989, for a variety of reasons, the two most relevant being: 1) The forthcoming electoral activity, which in itself generates uncertainty, inducing the deferment of investment decisions, hence a retrenchment of investment during the coming year; and 2) and perhaps more important than the first, the fact that the price of coffee on the international markets has dropped to its historically most depressed levels in recent decades.

Guatemala's prosperity has been closely tied to the international price of coffee, owing to the relative weight of this productive activity in the overall national economy. Coffee production continues to be our principal generating source of exchange. The part it plays is decisive in our employment level. And its multiplying effect is felt in many sectors of the national economic environment. The country owed the prosperity it enjoyed from 1976 to 1978 primarily to the fact that coffee prices reached averages of around $180 per quintal. The economic depression that began towards the end of the last decade was associated in part with the second major phase in the rise of oil prices, but primarily with the drop in coffee prices to levels of between $120 per quintal and $130 per quintal, where they have remained with the notable exception of 1986. The economic depression of the first half of this decade was owing largely to the low prices of coffee (and other products) and to the nonexistence of an exchange and monetary policy congruent with that reality. The situation changed radically in 1986 when the price of coffee rose markedly, thus providing better support of economic activity levels during the period 1987-1989. The high price of coffee posted in 1986 contributed importantly to that year's favorable trade balance and to the stabilization of our exchange rate.

As of the present, the economic picture has changed. The policy of growth in public spending, together with other macroeconomic policies, has drained the country's international monetary reserves. Since the fall of coffee prices will result in a substantially reduced inflow of hard currency, and there are no more reserves to be spent, the economy will probably face more acute balance of payment problems. **While the recent freeing of the exchange rate should contribute to an easing of the problem, it is unreasonable to expect it to result in a significantly increased supply of hard currency over the near term.**

The contents of the foregoing paragraphs lend no support to the expectations contained in the budget bill as to the forthcoming performance of the national economy. On the contrary, a substantial drop in the inflow of hard currencies from exports will certainly not lead to a significant strengthening of our balance of payments position nor to an increase of employment. As a corollary, compounding these circumstances by a rise in public spending and in its deficit-spending content necessarily presupposes a resort to inflation, with its consequent impact on general price levels. In sum, this entire context is not conducive to a national production growth rate of 5 percent.

B. Revenue Projections

The 1990 Budget Bill assumes a rise of 2.493 billion quetzales in current revenues, for an increase of 205 million quetzales (7.9 percent) over the total budgeted for 1989. This projected rise in current revenues is premised on the projected economic growth for 1990 and the application of administrative measures aimed at improving the effectiveness of the tax collection process.

All indications are that tax collection during the current year has lagged behind projections, despite the recently-offered amnesty on fines. Thus, the projected tax revenues for 1990 could turn out to be too optimistic. Moreover, the tax revenue projection rests on a forecast calling for a moderately vigorous economic growth rate environment which, as pointed out above, is not exactly to be expected during the coming year. The macroeconomic environment contributes in large measure to the determining of the reasonableness and viability of tax revenue projections, and to the determining of the advisable level of spending commitment under the circumstances.

When the Budget Bill's optimistic outlook on the performance of the national economy for the coming year is brought to terms with realities, the bill lacks elements to support its revenue projections. The decline in hard-currency revenues could well result in a reduction of the availability of raw materials needed by the productive apparatus. Lacking sufficient raw materials, the level of economic activity would have to drop, thus weakening the principal sources of tax revenues.

The direct effects of the slump in coffee prices will first be felt in the revenues of the producers, in the amount of labor they will employ, and in the quantity of raw materials they will demand. Next, the depressive effect of this situation will be passed on to the merchants who supply these raw materials, as well as to those who supply the consumer goods demanded by the workers. The next depressive link in the chain will consist of the industries that produce the raw materials and consumer goods, and from there the effect will spread to other sectors, and thence throughout the rest of the economy. A more favorable exchange rate translates into more quetzales for the exporter, but it cannot abate a net drop in wealth, production potentials, and consumption.

Under these circumstances, any projection of a rise in tax collections seems unjustified, absent any factor whatever to support it. The only possible source capable of generating a nominal increase in tax collections is inflation and the rise in price levels, unleashed by a rise in public spending despite the probability of sufficient tax revenues to cover it. This, however, is a game that can entail economic, social,and political risks whose reach is difficult to foresee.

C. Expenditure Projections

The entire increase contained in the 1990 bill, with respect to 1989, is borne by the Operating Expenses section of the budget, up 215 million quetzales (11.4 percent) over the preceding year's budget. The bill terms this a "moderate" increase in Operating Expenses that "reflects a deliberate policy of austerity in public spending...and is essentially owing to an increased allocation of spending to meet various employment commitments and cover the eventual higher cost of some indispensable goods and services...." This explanation typifies the nebulousness that characterizes the identifying of the destiny of all public spending.

The 11.4-percent increase in Operating Expenses stands in marked contrast to a reduction of 7.4 percent (76 million quetzales) in investments. It is unclear why the definition of the economic policy strategy for 1990 contained in the bill states that public investment will increase significantly (by 20 percent), when, a little further on, a reduction of 7.4 percent becomes manifest.

At this point in time, however, the investment budget must be viewed to some extent as irrelevant, "in that during the period 1986-1987, the Administration carried out only 61 percent of its budgetary investment program. Despite the latter figure and the nonexistence of any accomplished work that might disprove it, the bill states that intensive support has been given to the carrying out of investment programs with a high social content, aimed at benefiting a larger number of the country's inhabitants." The Investment Budget represents 25 percent of the total Expenditures Budget, and, considering that it will very probably not be carried out, some will be grateful that because of this the inflationary fires will not be further fueled.

The bill distributes the investment over eight geographical regions of the country, allocating to the Department of Guatemala a little less than one-fourth of the total amount budgeted. An unpacking of spending, by regions, is a laudable approach. But in the absence of a presentation that explains the underlying methodology and specific applications, an opinion cannot be expressed as to the ultimate desirability or undesirability of this manner of presentation. Granting full benefit of the doubt, it must be assumed that this regional distribution is supported by some document that details the specific destination of the investment, and it would therefore be desirable to provide this information to the Congress of the Republic, and, eventually, to the public.

The projected deficit for 1990 is 598 million quetzales, which is 7.2 percent less than the budgeted deficit for 1989. On the other hand, by excluding from the Current Revenues the 289 million quetzales credited to transfers received from abroad, **the deficit increases to 887 million quetzales.** And taking into account the observations made with respect to the bill's tax revenue projections, the result is a larger deficit than projected.

The bill allocates to the Ministry of Education a budget of 507 million quetzales, up 68 million quetzales (15 percent) over the 1989 budget. Of this amount, 478 million quetzales (94 percent) is allocated to operation and only 29 million quetzales (6 percent) to investment. Of the tiny investment budget allocated to education, the proportion allocated to the educational infrastructure is infinitesimal. The bill allocates to this Ministry, within its operating program, only 1 million quetzales for schoolroom furniture. It is beyond reasonable thought to expect a funds allocation policy of this type to begin to resolve the country's educational needs. Based on the budget allocations contained in the bill, in 1990 the Administration will devote less than 1 percent of its total spending to investment in the educational infrastructure. Even adding the 9 million quetzales for construction of educational buildings that is included in the Communications Ministry's budget, the investment in educational infrastructure does not attain 1 percent of the total budget.

From dramatic, this situation turns tragic when one considers that last year the Ministry of Education failed to carry out 72 percent of its planned investment program. This is not surprising, however, with a public spending policy that allocates twice as much funding to "regulation of transportation and means of diffusion" as it does to schoolroom furniture. To say nothing of the fact that **Confidential Expenses funding allocated to the Presidency in 1988 was 14 times greater than the proposed funding for the construction of schools in 1990.** Many other comparisons of figures could be drawn in this same vein, but nothing is more effective than a face-to-face comparison between what has actually been done and what it is intended to do. For example: The amount actually spent by the Administration in 1988 for publicity and propaganda is over seven times greater than the amount being allocated in the 1990 budget for schoolroom furniture. And the 1990 Budget Bill calls for spending more on "Administrative Support" by the Ministry of Culture and Sports, which just 4 years ago was nonexistent, than on the construction of schools by Public Works.

The 1990 Budget Bill allocates 334 million quetzales to the Ministry of Public Health, an increase of 15 million quetzales (4.7 percent) over the 1989 budget. Of the total allocated, 226 million quetzales (80 percent) is for operations and 69 million quetzales for investment. By way of marginal notation, no explanation is given as to the reason why, as has been done for the past 3 years, the government's entire employer contribution assessment to be paid into the IGSS [Guatemalan Social Security Institute] (19 million quetzales in 1990) is being allocated to this ministry.

The detail furnished in this bill with respect to the allocation of funds to the Ministry of Public Health is exceedingly meager, too meager to enable a conscientious analysis of the intended distribution of its proposed allocation for the coming year. Perhaps the obvious absence of quality in the service currently being rendered to the public in the national hospital network is a sufficient basis on which to question the proposed amount and distribution of its 1990 budget. To point up the public spending priorities for 1990, suffice it to note that **the same amount is to be spent on hospital equipment as on "training and contracting of social workers" and on "administrative support" by the Ministry of Urban and Rural Development.** While the providing of equipment to public hospitals and health-care centers is a legitimate function of government and a legitimate use of public funds, there is no clear evidence to date of any benefits having been perceived by society from the proliferation of "social workers."

The bill allocates only 5 million quetzales to maintenance of health-care centers. One may fairly question the spirit of dedication to the providing of health-care services to the people that motivates a government intent on devoting less than a tenth of 1 percent of available funding to maintenance of health-care centers.

Through Public Works, 30 million quetzales are allocated to the Health Services Projects Performance Unit. A little more than that is allocated to the Ministry of Energy and Mines for the "Construction of a Laboratory for New and Renewable Energy Sources"—an interesting but questionable venture that seemingly ignores the principles of specialization and division of labor. The question arises and merits the asking: What advantage can there be for the Guatemalan taxpayer to subsidize this type of project, considering that it would be much more effective and cheaper to take advantage of the technological advances attained by countries like Japan, Germany, and the United States, and obtain the same results at one 1/1000th the cost?

Commenting on the budget allocated to the Presidency of the Republic would be an exercise in futility, since over the past few years the Presidency's spending has grown and far exceeded the limits approved by the Congress of the Republic. Within this context, it is appropriate to comment on total spending and its purpose.

It being impossible to identify positive factors supportive of a projected increase in tax revenues, a Budget Bill involving increased spending is ill-advised. On the contrary, under those circumstances the sound approach is a reduction in spending, so as not to add further deficit to the demands of the rest of the economy. Increased deficit spending will raise total demand to levels such that the economy will no longer be able to generate the production needed to meet that demand. The economic consequence of a situation of this nature has two stages: The first is deterioration of the currency exchange rate, and the second is a process of increase in general price levels.

Once the inflationary spiral is unleashed, the magnitude of the economy's reaction is difficult to forecast. In the face of rises in the general level of prices and erosion of the exchange rate, savings and investment are weakened, inducing further rises in total demand, which translate into further upward pressure on prices.

The social consequences of the situation described in the foregoing paragraph are well known. Price rises generate impoverishment and dissatisfaction in the working class, which in turn tries to protect its purchasing power by way of wage demands that end up raising costs and thus generating further price increases and further pressures on the exchange rate.

As for the purposes to which spending per se is being put, it must be emphasized that they have very little to do with strengthening and broadening basic services for the population. On the contrary, current spending reveals a very high content of what could be termed political spending. It is ill-prioritized and accentuates the gap between a rich government and a poor and neglected population.

* Poverty, Unemployment Increase

90EM0057B Guatemala City EL GRAFICO in Spanish 19 Nov 89 p 5

[Article by Elmer Lemus]

[Text] Guatemala City, 19 Nov—With 1,187,213 unemployed persons, amounting to an under-utilization ratio of 42.4 percent of the available work force, and contributing to the intensification of poverty, unemployment in the nation's economically active population is a social problem of significant magnitude. In 1986, 64.5 percent of the population lived below the poverty line; in 1980, this ratio was 31.6 percent; and currently, it is close to 80 percent or much more.

The natural growth rate of the population in 1989, is 9,935,286 inhabitants and 9,197,351 for 1990 [as published] (SEGEPLAN [expansion unknown] estimates). These projections indicate the country's continuing growth. Job opportunities, on the other hand, are not growing at the same rate as the active population, owing to various factors, and implying increased unemployment and poverty for thousands of Guatemalan citizens.

Guatemala Among American Continent's Poorest Group

The people have been shouldering a burdensome tax load, which in itself generates unemployment and a further string of ills that presage a more difficult future for the population. Moreover, constantly rising prices are impacting devastatingly the products that comprise the family shopping basket and thus contributing to a further exacerbation of poverty.

The income levels of the national population receives incomes below the national average monthly wage [as published]; in 1987, 55.2 percent of all employees received incomes below 119.00 quetzales, which represents less than $50 a month in terms of U.S. money. This amount is insufficient to provide minimum access to the products that comprise the basic survival basket, at least above the absolute poverty line. This positions Guatemala's economy within the American continent's most impoverished group. (Figures provided by Labor Ministry).

The Administration source, states that positioned on the scale, the farmers of the poverty line, approximately 80 percent of incomes at the minimum-wage level [as published], the highest-income-level occupations being those of technicians, and management and administration personnel; next come office staff employees; and below these, manual laborers. This is insofar as concerns incomes.

In 1986, the population was hard-hit by an inflation rate of 37.2 percent, versus a rate of 18.5 percent in 1985. Thus, the already heavy inflation burden on the Guatemalan people doubled in just 1 year.

Quetzaltenango's population has a 58-percent rate of extreme poverty, and the capital city, a 36.4-percent rate. This economic problem is penetrating deeper and deeper, with current impact greatest in the lower economic classes, but with fast accelerating impact within the middle class, whose decadence is in full swing.

Administration sources indicate that poverty is taking root principally in the small farmstead areas, owing to the small size of the parcels being worked by families in this national sector, which in turn considerably lowers their income levels. In 1987, 80 percent of these families were working below the extreme poverty line.

Also to be considered is the scarcity of basic resources within reach of the working population, such as the hoes, machetes, fertilizers, etc., needed for production. This further affects the labor market, making survival more difficult for the people, and further worsening joblessness in our country.

Some sectors put the national unemployment rate at 40 percent or 50 percent, and others at over 60 percent; but the emigration of Guatemalan citizens to the United States is substantial in view of our existing unemployment, and is easily discernible in the streets of the metropolis. The same is true of the migration of persons from the interior of the country towards the capital city in search of improved living conditions—an illusory quest, of course, for lack of housing, jobs, etc.

Under-Employment Rising in Urban Area

The disadvantages of the persons arriving in the capital city from the interior of the Republic, and particularly their educational level, normally hinder their absorption into the production processes, and they are compelled to become part of the under-employed groups, such as street vendors, shoeshine boys, newspaper boys. Street vendors, for example, abound in various sectors of the capital as a result of the existing level of joblessness in Guatemala.

Waste of Human Resources

Official sources indicate that under-utilization of labor affects almost two-thirds of the country's work force, so that open unemployment (persons who perform no economic activity whatever) is only part of the total problem of under-utilization of human resources.

Open underemployment is taken to be the result of the economic system's inability to absorb the entire availability of individuals making up the labor market, while concealed underunemployment is considered to be the result of the prevailing low levels of revenues in the economy's productive activities.

"Under-employment, in its open as well as concealed facets, affects 60.6 percent of the active working population, attesting to the seriousness of the phenomenon in the national economy"—with only 39.4 percent of the active working population fully employed—"and indicating the extent of the waste of human resources available for the creation of wealth."

Honduras

Callejas Names Cabinet Members for Upcoming Term

PA1901031390 Panama City ACAN in Spanish 2133 GMT 18 Jan 90

[Text] Tegucigalpa, 18 Jan (ACAN-EFE)—New Honduran President-elect Rafael Leonardo Callejas, who will be sworn in on 27 January, today named his cabinet, which will include ministers from the economic sector who have links with international financial organizations.

With the exception of the government (interior) minister, who will be appointed next week, the list of the cabinet members, most of whom are members of the National Party of Honduras [PNH], is as follows:

Foreign Relations Minister: Mario Carias Zapata—attorney, juris doctor in public and private international law; former representative at the International Court of Justice during border disputes with Nicaragua and El Salvador; Honduran negotiator at the Contadora Group (Colombia, Mexico, Panama, and Venezuela).

Economic Minister: Ramon Medina Luna—former deputy economic minister; president of the Foundation For Investment and Development of Exports (financed by the U.S. Agency for International Development, AID); expert in regional trade.

Finance and Public Credit Minister: Benjamin Villanueva—agricultural economist, graduate of the Universities of Wisconsin and Florida; doctorate in economics from Honduras State University; bank executive; director of the Honduran Council for Private Enterprise; former secretary of the APROH [Association for the Development of Honduras]; former economic and finance minister during various military governments; and AID consultant.

Central Bank President: Ricardo Maduro—graduate of Stanford University, California; founder, manager, and director of various import and export enterprises.

Economic Planning Minister: Manlio Martinez—economist with master degrees from universities in the United States, Chile, Costa Rica, and Honduras. Graduate of the Central American Institute of Business Administration; former OAS consultant; and former economic planning minister.

Defense Minister: Colonel Francisco Zepeda Andino—pilot; former Air Force commander; former Honduran military attache in Taiwan and Washington.

Labor Minister: Rodolfo Rosales Abella—attorney; former natural resources and former foreign relations minister; appointed labor minister in October 1989. Member of the Liberal Party, defeated in the November 1989 elections.

Public Health Minister: Cesar Castellanos—neurologist who graduated in Mexico and specialized in Chile; professor at the Medical Sciences Faculty; president of the Honduran Medical Association for Prevention of Nuclear War. Elected deputy for the upcoming National Congress.

Education Minister: Jaime Martinez Guzman—elementary, high school teacher, university professor; attorney; masters degree in Theory of Planning of Curriculum obtained in Brazil.

Communications, Public Works, and Transport Minister: Mauro Membreno—engineer, graduate of the Monterrey Technological Institute (Mexico), specialized in Israel; entrepreneur in the construction industry; and chief of the Callejas electoral campaign.

Culture and Tourism Minister: Sonia Canales de Mendieta—social worker, university professor; former ambassador to Guatemala; of Liberal Party affiliation.

Natural Resources Minister: Mario Lucio Gamero—agronomist, graduate of the Pan-American Agricultural School (Honduras), obtained masters degree from the University of Florida; specialist in stockbreeding, agricultural and livestock exports.

National Agrarian Institute (INA): Juan Ramon Martinez—attorney, member of the Sanford Commission for Central America; director of Advisors for Development, and president of the Federation of Private Organizations for Development. Member of the Christian Democratic Party.

Incoming Foreign Minister on U.S. Troop Presence

PA1901050590 Panama City ACAN in Spanish 2315 GMT 18 Jan 90

[Text] Tegucigalpa, 18 Jan (ACAN-EFE)—Mario Carias Zapata, the next Honduran Foreign Minister, today announced that the new government that will take office on 27 January will analyze and discuss the military protocols with the United States, which could imply a definite legalization of U.S. troops in Honduran territory.

Carias Zapata told ACAN-EFE that President-elect Rafael Leonardo Callejas is opposed to the U.S. legalization of a permanent military presence in Honduras. He added: "We will analyze and discuss" Protocol III, which deals with this subject.

The United States has had 1,200 soldiers in Honduras since 1982. These troops are relieved every 3 or 4 months.

The new foreign minister emphasized that the U.S. military presence in Honduras "is a very broad problem because of agreements signed in 1954 and their extensions, as well as because of the tension in Central America."

Carias, a diplomat who was the former ambassador to the Netherlands, Geneva, and the United Nations, said that the U.S. military presence "was very small" 10 years ago, but now "is not the moment to make any recriminations" regarding who became stronger with foreign military advice.

"There are some who say that Honduras did this because of what happened in Nicaragua (the triumph of the Sandinist revolution in 1979), and Managua is saying that we are the ones who increased the U.S. presence. However, the foreign military presence must be decreased to what is absolutely necessary for national defense," he added.

Carias would not give any details on the foreign policy of the new Honduran government, the third consecutive civilian government since 1981 after almost 2 decades of military administrations.

Regarding the Nicaraguan contras in Honduras, Carias said that Callejas has already said that the anti-Sandinist rebels must return to their country or to any other nation that wants to receive them.

Armed Forces Spokesman on Guerrilla Activity

PA1801174890 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 18 Jan 90

[Report on statements by Armed Forces spokesman Colonel Manuel Suarez by Jose Maria Calix in Tegucigalpa; date not given—passages within quotation marks recorded]

[Text] Until today, the activity of the Cinchonero People's Liberation Movement [MPL] had apparently abated. However, according to the Armed Forces Public Relations Office, Jose Velasquez Vigil's capture on 10 December has exposed many details about this clandestine organization.

Velasquez, whose nom de guerre was Ramon, was captured in La Azacualpa, El Triunfo, Choluteca Department, bordering with Nicaragua. Velasquez and documents sent by Commander Rodrigo from Nicaragua to Cinchonero Commanders Lucas and Raul in Honduras were presented during a news conference. This is what Armed Forces spokesman Col. Manuel Suarez said:

[Suarez] "This individual came from Nicaragua. Among his belongings we found a report on the Cinchonero Movement datelined in Managua where the Cinchonero National Command is headquartered. This document is signed by Commander Rodrigo and addressed to Commander Raul and Lucas.

"You will find many names, all of which are pseudonyms, because the subversives usually use them in their operations. We also found—look to your right—documents containing operational plans that explain how weapons trafficking is being carried out and studies of the areas where they move about with explosive and war materiel—including a specific study of this area—and a breakdown of the material, transport, collection, and distribution equipment. In keeping with the tradition of this subversive organization, all this was perfectly coordinated to guarantee the equipment's security." According to Armed Forces spokesman Col. Suarez, logistics information was also found among the seized documents.

[Suarez] "A pocket notebook—which you can see in the lower lefthand side of the exhibit—was also found among Velasquez' belongings. It contains accounting records showing how they managed and distributed funds, allocated funds to purchase a safe house and its furnishings, and the expenditures of subversive personnel residing or using this safehouse. All entries made in this accounting notebook are quoted in dollars, presumably obtained in Nicaragua. No entry was quoted in lempiras or cordobas, the Nicaraguan national currency."

When asked whether this group is responsible for Gen Alvarez Martinez' assassination, as a report suggests, he added:

[Suarez] "In our prelimary investigations after Gen Alvarez' assassination, we confirmed that several individuals were involved. Later we had indications that a Cinchonero Command group was responsible. We have now simply confirmed that the Cinchonero Command is directly involved in Gen. Alvarez' assassination."

According to the military spokesman, the MPL has carried out more than 40 crimes, including robberies of banks and businesses and planting bombs, for which it has netted more than 2 million lempiras.

Nicaragua

Ortega Says UNO Should Withdraw From Elections

PA1901005490 Managua Radio Sandino in Spanish 1200 GMT 18 Jan 90

[Text] Daniel Ortega, presidential candidate for the Sandinist National Liberation Front [FSLN], visited San Francisco Libre yesterday morning and the eastern neighborhoods on Managua's northern highway last night. In the Camilo Chamorro, Berta Diaz, Jose Benito Escobar, Las Mercedes, and Unidad de Proposito neighborhoods, 20,000 residents expressed support for the FSLN, and thousands did the same in San Francisco Libre.

During his speech, the president reiterated the possibility that the opposition coalition UNO [National Opposition Union] may withdraw from the elections.

[Begin Ortega recording] During the 1984 elections, the Yankees invented the Coordinating Board [Nicaraguan Opposition Coordinating Board, CON] [words indistinct]. They were the contras grouped together as a political force. This is how the CON began, but with the CON the Yankees saw that they would lose the elections, that no one in Nicaragua would vote for them. What happened then? What happened with the CON? Let's see if you can remember. Did the CON participate in the elections? [crowd responds: "No!"] They ran away. Then the Yankees [words indistinct] to (?hinder) the elections. The Yankees [words indistinct] elections to serve those people who are on their payrolls, those people from the UNO, who must be told to withdraw, to run. [end recording]

Also expressing support for the FSLN were residents from areas near the northern highway such as Monte Fresco, El Recreo, and Sebastian Segura.

President Ortega on Mandatory Military Service

PA1901005990 Managua Radio Sandino in Spanish 2006 GMT 18 Jan 90

[Speech by President Daniel Ortega in Ciudad Dario on the occasion of the 123d anniversary of the birth of Nicaraguan Poet Ruben Dario on 18 January—recorded; broadcast in progress]

[Text] ...especially with those who might be lead to confusion by UNO [National Opposition Union] [words indistinct]. Do not let them fool you. Do you not realize that if the Patriotic Military Service [SMP] ends that they will kill you because the contras will get back here and you will not be able to work and to produce? War is [words indistinct]. So, the problem is not whether or not the SMP will be discontinued. That is not the problem. The problem is that the war should end. If we do not want more people killed in Nicaragua, then we should stop the war. Those turncoats who are denouncing the SMP should say it: The war should be over! We will then see if any more people get killed. If the war ends, no more people will be killed.

However, if the SMP is discontinued, the opposition will end up with all of us, with all the people. Then the contras would take over the cities. However, with the SMP, we are defending the country, the borders [words indistinct]. We are defending the borders. The problem is not the SMP. The cause of deaths among Nicaraguan youths is not the SMP. The problem is the war. We must end the war. We must demand that those who are denouncing the SMP, denounce the war, the contras, Somozists. Of course, that will be difficult because they are contras and they are Somozists and, as such, cannot denounce themselves. This is why they denounce the SMP, because they are playing the role assigned to them by the Yankees, the role for which the Yankees are paying them, because they are the Yankees' employees. They do not work for the Nicaraguan people.

It is necessary to explain to people, friends, neighboors, and relatives that the intensity of the war has diminished. However, there is still some contra activity. The contras cannot defeat the revolution. The Yankees themselves are aware of that. They cannot defeat the revolution. The Yankees would not be able to defeat the revolution, not even with their own troops. They are fully aware of that. The Yankees will have to accept the reality of the triumph of the Sandinist National Liberation Front [FSLN] in the 25 February 1990 elections.

Then we in Nicaragua will have less pressure with regard to the SMP. Once the war ends, youths serving in the SMP will not be risking their lives. Youths will learn military skills, and this will help in the formation and discipline of our youths and will help them later on at work to be good workers and professionals. Everywhere in the world, even where there is no war, serving in the military [words indistinct]. Youths in the military service would also help workers repair roads, harvest crops, and build schools, health centers, and housing for peasants. In other words, during the time spent in the military, youths would participate in productive and social works.

This is another service we have in mind. We have not wanted youths to serve in the military service in wartime. The FSLN did not start the war. The Yankees did when they invaded Nicaragua and other Latin American countries in the last century.

Thousands Cheer President Ortega in Granada

PA1901005590 Managua BARRICADA in Spanish 17 Jan 90 pp 1, 5

[Text] A few minutes before the candidate of the Sandinist National Liberation Front [FSLN] arrived in Granada, a persistent rain threatened to spoil the event. However, no one left, and together with Daniel [Ortega], more than 30,000 Granada residents marched from Sandino Park to the Central Park's plaza to reaffirm their unconditional support for the vanguard party. The people of Granada opened their doors and hearts to the FSLN.

A compact human mass—which used even the tall buildings surrounding Granada's main plaza—saw, heard, and greeted Daniel. A variety of slogans, thousands of red and black flags, placards, and posters complemented the festive mood of the people who began to arrive early in the afternoon, gathering at various points to participate in the huge demonstration.

"We are from Granada, and we are here to say that we will vote for peace by voting at table five," shouted voices filled with emotion when the FSLN candidate appeared at the platform surrounded by the people of Granada, "whom neither the Yankees nor contras have made disappear."

Definitely rebellious and in favor of peace, the people of Granada made their city vibrate with joy and combativeness. Despite the wind and wet asphalt, they danced with partners chosen spontaneously or beforehand, confident in their victory and sure of what they want.

"We are sure of the people's triumph, because the FSLN's message is one of peace, contrary to the gringo representatives, who want war and more bloodshed for Nicaragua," Daniel said, provoking an explosive expression of support, confidence, and determination from those who allowed themselves to be crushed together to hold a small place in the crowded plaza.

Thousands of red and black flags waved when the Sandinist candidate's speech was announced, while the hearts of all those present expressed what they felt at that moment, shouting: "Daniel, Daniel," "My vote is for the front," "Long live the candidate of peace," among other slogans.

Daniel recalled the historical combativeness of the people of Granada, the oldest, most dignified and proud city on the continent, the birthplace of illustrious founders of the independence, such as Cleto Ordonez; of historians, poets, and writers; and of heroes and martyrs of the Sandinist cause.

Facing the large crowd, Daniel said to the people of Granada: "Some people claim that the people of Granada are not revolutionary, but they are wrong, because since the last century, when the Yankees burned the city and thought it had disappeared, the people faced them and came out victoriously. The Somozists were not able to subjugate this city, much less the contras, and the main reason for your triumph is that you love peace."

The multitude responded with deafening acclamation while Daniel mentioned the damage to the economy caused by the contras during the 10 years of war and now that they are tied to the ultrarightist UNO [National Opposition Union] alliance, whom he described as instruments of the U.S. Government. He asked: "Do you think the Yankees know how to make good pork rinds and yucca?" People responded with a resounding no, and Daniel added: That is what they tried to do with all the waste they have gathered to create what today is known as UNO.

Daniel recalled that during the past century the gringos burned the city of Granada—an action carried out by the filibuster William Walker—stressing that at the present time the Yankees are also facing Granada's combative people who want to work in peace on a piece of land that will produce, and to live as brothers and true Christians, which is what the FSLN has always wanted. However, he added, not all of us act as true brothers and Christians because some of us do not have our hearts and thoughts in Nicaragua as real Nicaraguans should.

"The UNO's master is the Yankee government, while the FSLN obeys the Nicaraguan people, because the people know that the FSLN can solve the country's current economic problems," Daniel said.

In that regard, Daniel announced that the revolutionary government will review all state and private productive enterprises to determine if their reasons for raising prices are valid. He said: I have asked the respective ministers to recommend ways to stop the increase in prices of staples. The study will be based on the production and commercialization costs.

However, Daniel urged producers and merchants to assume a sensible attitude, to work with a sense of equity, and to try not to raise prices—bearing in mind that high prices are to the detriment of the working class, as speculation directly affects consumers.

Benedicto Meneses, a candidate for representative to the Legislative Assembly, promised the people of Granada that he will request the opening of the university center that once existed in Granada, which was closed by Somoza Garcia in the late 1940's.

Daniel posthumously presented the Miguel Ramirez Goyena Order to illustrious teachers from Granada, among them Carmela Noguera, founder of the Girls School; Otilia Torres, founder of the Sacred Heart School; and Carlos Bravo Rivera, Augusto Cesar Salinas, Prof Trinidad Sandino, Dr Silvio Cuadra, and Frank Lopez Perez, among others. In addition, Daniel also decorated with the Eduardo Green Sinclair Order citizens who outstandingly promoted national sports during their lives, among them Juan Emilio Alvarez, as well as others who continue to make great contributions, such as Francisco Jose (Heberto) Portobanco, manager of Granada's "The Sharks" team, and Uriel Torrentes Tamariz, among others.

Dozens of parents got on the platform with their small children to greet Daniel, while famous men and women of Granada, among them popular "Marucha," embraced and kissed their sure winner.

Daniel assured the people of Granada that there will be elections on 25 February with or without the UNO. "If they pull out, that is their problem. They pulled out in 1984, and now they want to do the same thing again because they know that the Nicaraguan people have already won the elections," he said.

Daniel announced that there will be a huge rally with the participation of people from the entire Granada department on 10 February, when "all of Nicaragua will be shaken by the combativeness of the people of this department."

UN Envoy Interviewed on Election Process

PA1901015290 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 17 Jan 90

[Interview with Elliot Richardson, personal envoy of UN Secretary General Javier Perez de Cuellar, by Javier Reyes in Managua; date not given—recorded; in English with superimposed Spanish translation]

[Text] [Reyes] The visit of Elliot Richardson—the personal envoy of the UN secretary general to observe the Nicaraguan electoral process—is coming to an end. Good evening, Mr. Richardson. Although adequate conditions exist and the United Nations has undoubtedly received the first reports, an important point is still pending. It is the point of credibility. Do you believe the United States is interested in suspending the Nicaraguan elections?

[Richardson] The United States is not at all interested in suspending the Nicaraguan elections. I believe many people in the United States are following the Nicaraguan electoral process with great interest, and its result will certainly be very important in restoring the relations between the Governments of the United States and Nicaragua. When I refer to results, I am not talking about who is going to win but rather that the electoral process has been just, honest, clean, and transparent. I am more aware of the importance of the process during this trip than when I came here the first time, because now I have fully seen that it is a crucial phase for all Nicaraguans and also that these elections are a key factor for national reconciliation and reconstruction. Thus, I trust that these elections will not only be supported by the United States but also applauded.

[Reyes] Rumors have recently intensified that a Sandinist Front victory can only occur with fraud. Comments of this type are really worrisome. What have you to say about this?

[Richardson] Fraud? Really? Who is saying this? I have not heard this. The Nicaraguan Government, headed by the Sandinist Front, called for the international community to observe the electoral process. The petition was accepted and they are here, and I am here also to comply with this task. Right now it is impossible to say how the elections will fare, and it will be impossible to do so until 25 February. I believe any just and impartial observer must say that the electoral process has gone well so far.

[Reyes] What makes you think that Elliot Richardson's report is going to be accepted by the United States if the Sandinist Front wins?

[Richardson] I believe that if I asked the U.S. Administration right now to accept my word, that is, my report on the elections, they would say: No, we will form our own conclusions. However, I also believe the U.S. Government will give great importance to the UN and OAS conclusions. We will have more than 400 observers here on election day. We have been working on procedures to be followed that day, together with the Supreme Electoral Council. We are not telling the council what they have to do, but we are working together to organize what is to be done. I believe my countrymen know who I am; that is, that many people in the U.S. Government with whom I have worked in the past know that, like a good umpire, I will try to call the ball as I see it.

[Reyes] How much weight do you think Carter's and your opinions will carry if the electoral results are difficult? I ask the question again because I believe it is important to leave this point very clear.

[Richardson] I do not think President Carter, and certainly not myself, will make the American people accept that what is white is black or vice versa. What occurs during the elections will speak for itself. We will give our opinion according to what we see and what our observers have seen. We will have very specific, concrete information. For example, our observers will cover 20-25 percent of the total amount of voting tables, and there will be many observers in the ministries when the recounting of votes starts.

[Reyes] After listening to you for the second time, [words indistinct] the Nicaraguan electoral process gained or lost friends?

[Richardson] I have made new friends in reference to the Nicaraguan election situation, and by this I mean political friends. There are many people who know of what I am doing. I do not really know what to say. I think I have certainly contributed to the belief that the registration process went well. Inconsistent observations made by other people created confusion, and I believe that what I have said has helped to dissipate these comments and has caused the approval of the registration process. I have not heard any personal criticism against me. I have tried to be an honest and fair person.

[Reyes] Thank you, Mr. Richardson.

Vouches for Electoral Process

PA1901004490 Managua BARRICADA in Spanish 17 Jan 90 p 3

[Unattributed article: "The Word of the Observers"]

[Text] During his second visit to our country, Elliott Richardson, former U.S. attorney general and personal representative of the UN secretary general, has reiterated his confidence that the electoral process will develop smoothly. To begin with, he confirmed the determination of the Nicaraguan Government and the Sandinist National Liberation Front to make it develop in an atmosphere of complete normality, honesty, justice, and openness.

The report issued by Richardson, who can in no way be described as "pro-Sandinist," represents an objective assessment of the situation. Most of the complaints submitted to ONUVEN [United Nations Mission for Verification of Elections in Nicaragua] by the political parties as alleged "flagrant violations" of the law on elections have been discarded .

Richardson himself has admitted that full and complete control is not possible but that the minor problems that may have arisen cannot in any way result in the "serious irregularities" which the right wing has been hoping for and proclaiming as a pretext to reject the results of the elections. In fact, the most serious cases have been the attacks the contras have carried out to intimidate the civilian population and disrupt the elections.

The pledge made by the political parties at the request of UN officials to behave properly in order to avoid provocations and acts of violence—like the one that took place in Mateare a month ago—may represent a guarantee that during the 39 day countdown to 25 February, this process will develop without disruptions of public order and in a framework of full respect for electoral ethics and the people's will to exercise their right to vote.

In this respect, the Sandinist police have been playing a key role in guaranteeing the full enforcement of the safeguards provided by the Constitution and the electoral law at election time. This fact has been recognized by Richardson himself and also the political parties. The exception has been Virgilio Godoy, who continues describing as "repressive" an institution that has maintained the moderation and prudence necessitated by the circumstances.

In its first report, rendered in October, ONUVEN described the impartiality and broadmindedness demonstrated by the Supreme Electoral Council as one of the most positive aspects of the current civic fray. This time, Richardson's evaluation has definitively destroyed the propaganda cliche of the rightwing and its media about "obstacles" which the Nicaraguan Government is allegedly creating to boycott the opposition's participation in the election.

This recognition alone destroys the propagandistic speeches of those who in and out of Nicaragua persist in their efforts to besmirch the aboveboard actions of the state as the main guarantor of the elections, the fact of which will be confirmed by the international community at the appropriate time.

Poll Shows Women Prefer Ortega Over Chamorro

PA1901012990 Panama City ACAN in Spanish
1613 GMT 18 Jan 90

[Text] Managua, 18 Jan (ACAN-EFE)—A research center has made known the results of a poll according to which 47 percent of the Nicaraguan women would vote for the Sandinist Front's presidential candidate, President Daniel Ortega, if the elections were to take place today.

The poll carried out during the second week of December 1989 by the nonprofit Nicaragua-based Cenzontle Popular Education and Research Center involved 1,000 women. The results show that the Nicaraguan women like Ortega more than Violeta Chamorro, the opposition's presidential candidate.

While 41 percent [illegible] the women said that they "will be better off" with Daniel Ortega as president after 25 February, only 19 percent of them favored Chamorro.

Approximately 42 percent of the women favored Ortega when asked which of the two candidates will better promote democracy. Only 17 percent sided with Violeta Chamorro.

The research was financed by Norad, a Norwegian Government cooperation organization.

UNO Calls for Release of Leaders in Granada

PA1801233290 Managua Radio Catolica in Spanish
1130 GMT 18 Jan 90

[Text] Several leaders of the National Opposition Union [UNO] in Granada were detained on the night of 16 January during a UNO demonstration. This morning, UNO opposition leaders in Granada reported that these individuals are still being held despite the authorities' promise to release them.

The "Awakening" newscast established contact with UNO's Information Director Luis Sanchez Sancho and asked him what will be done to get these leaders released.

[Begin Sanchez recording] Good morning, listeners of the "Awakening" newscast and Radio Catolica.

Yesterday afternoon, Dr. Hernaldo Zuniga, the UNO legal representative, went to Granada and met with police authorities there. They told Zuniga that the UNO leaders who were arrested on Tuesday night were going to be released the next day, on 17 January. Police added that a UNO station wagon used for campaign propaganda, which was seized or retained by the authorities, was also going to be released on the same day.

As everyone knows, Silvestre Valencia, coordinator of the UNO Political Council for Granada Department, is among those who were arrested.

The Sandinist party paper reported this morning that three of those detained had been released. It added that Valencia remained in jail. It is obvious that this is a political reprisal because he is the coordinator of the political council. He was repeatedly a victim of the Somozist regime's repression, and he has also been a target of the repression of the present regime because of the honest democratic attitude he has always shown.

UNO Legal Department counsels will again go to Granada today to demand compliance with the agreement reached with the police chief yesterday. In addition, a writ of habeas corpus will be filed on Valencia's behalf this morning. We have still been unable to see him or talk with him.

Also, last night, the UNO Political Council issued a communique categorically stating that UNO is not withdrawing from the electoral campaign. This communique unmasks a campaign of rumors started by the government. These rumors are even being spread by the government candidate who wants to remain in power. According to these rumors, there is a possible pact between UNO and the government. However, the UNO Political Council has categorically denied that it will withdraw from the elections or is willing to enter into any hateful pact with the current regime. What is under discussion here is the 25 February 1990 election, which we hope will be truly free and just. We wish the government would stop using dirty tricks and threats and stop forcing candidates to resign through threats to them and their relatives.

If people like I, Violeta, and other well-known UNO leaders have been threatened with death—in my case, my daughters were threatened with death—you can imagine what is occurring with UNO leaders at the local level, especially in remote places where there is a higher number of candidates resigning because of such harassment.

We warn that in a few days UNO voting poll witnesses will probably begin to resign for the same reason. We have already discovered that these individuals are being pressured in Masaya, Carazo, and in northern departments of Region One and western Nicaragua. I imagine something similar will occur in the rest of the country.

I also want to add that, regarding the poll conducted by Docsa Venezolana, a poll just reported in this program, we understand that the Venezuelan Political Opinion Institute conducted a new poll of the Nicaraguans' opinion in January. The field study was already made and now this institute is processing the data. The information will be released soon. [end recording]

UNO News Director Briceno Detained by Police

PA1801223590 Managua LA PRENSA in Spanish 16 Jan 90 pp 1, 12

[Report by Ana Maria Ruiz]

[Text] Carlos Briceno, director of the National Opposition Union [UNO] Independiente newscast, was detained this morning on the main street of the Centro America neighborhood by two policemen armed with AK rifles.

Briceno was driving the jeep he had recently purchased at the Toyota Center in Managua, after returning to Nicaragua to manage the few minutes of campaign television time the government has allowed the opposition union.

The news director, who has played a very important role in the audiovisual transmission of rallies and spontaneous demonstrations of support held throughout the country, said that a patrol car suddenly swerved in front of the car.

Two policemen carrying rifles got out of the patrol car and ordered Briceno to get out of his car "because you are under arrest." Because he knew that he had done nothing wrong, that is committed no traffic violation, Briceno asked: "Why?"

"They told me that my car was exactly like one that had been reported stolen. I showed them my car papers, and they tried to take them away from me. In the meantime, another policeman was trying to get into the back seat of the car. According to the second policeman, I was going to be taken to the police station," Briceno added.

Briceno's wife Desiree, who was with him in the car, got out and ran for help, saying that they would not take Carlos away without her notifying LA PRENSA of what was happening. At the very same moment, the policemen got into their vehicle and disappeared without an explanation.

Shortly after his arrival in Nicaragua, Briceno was the victim of an attack and was accused of being a foreigner. On that occasion and in light of the Sandinists' preference for some foreigners and Nicaraguan social sectors, Briceno said, "I am from Diriamba. That means I am a Nicaraguan."

Desiree Briceno said that approximately 2 weeks ago she was riding alone in the car when she noticed that she was being followed by three men in a Lada. "They never tried to hide the fact that they were following me," Desiree said, adding, "I think they are trying to intimidate us."

The car that followed the Bricenos had Interior Ministry license plates. The license plate number was 0297, and the patrol car number was 375.

The journalist insisted that the armed men identify themselves, and they said that they were Francisco Ruiz Aragon and Pedro Altamirano of Police Section 3 in Altagracia.

As far as Carlos Briceno is concerned, this is all part of a well orchestrated plan to frighten him or perhaps arrest him or even kill him, and in this manner stop him from going on the air for 5 minutes three times a week. The number of viewers who watch Briceno's 5-minute program is growing. His program is aired at 1830 on Channel 2 on Monday, Wednesday, and Friday.

One of the problems Briceno has encountered has been the change in airing time of his Monday newscast. However, he has been told that the change was a one time change only.

Briceno said: "I will hold the Sandinists responsible for anything that may happen to me, my wife, or my son. If something happens to me, they are to blame."

Commander Arce Condemns Oqueli's Murder

PA1801231490 Managua BARRICADA in Spanish 15 Jan 90 pp 1, 4

[Text] The Sandinist National Liberation Front [FSLN] yesterday condemned the killing of Salvadoran Social Democrat Hector Oqueli and accused the Salvadoran and Guatemalan death squads of committing the crime. The FSLN also demanded punishment for those responsible.

The FSLN's position was announced yesterday by Commander of the Revolution Bayardo Arce Castano, deputy coordinator of the FSLN Executive Commission, who was a very close friend of the murdered leader.

Arce and Oqueli's friendship developed during the meetings of Socialist International [SI]. The two leaders met frequently at the meetings of this international organization and practically worked together within the SI where they had the same ideas regarding peace in Central America.

"We were bound by strong ties of friendship, and we had similar ideas regarding the Salvadoran and Nicaraguan situations."

Oqueli and Arce developed a strategy to influence the political parties within the SI to center their attention on the terrible problems affecting more than 20 million Central Americans.

"It is a great loss. He was an efficient friend who would surely have played a great participatory role in the efforts to achieve a negotiated solution in El Salvador," the Sandinist leader said.

Arce not only deplored Oqueli's death, but also talked about what Oqueli would have represented for what he described as "the new El Salvador," in reference to a regime with the participation of the revolutionary forces.

Oqueli had been planning to travel from Guatemala, where he was murdered, to Managua to join a high-ranking SI delegation that is visiting several Latin American countries.

Commander Arce, currently responsible for handling Daniel Ortega's electoral campaign, challenged the Guatemalan Government to clarify this murder and directly blamed the Guatemalan and Salvadoran death squads for it. As is known, in those two countries the paramilitary organizations have specialized in selective executions of all those who oppose the current governments.

The Sandinist leader also said that everyone knows that the ruling ARENA [Nationalist Republican Alliance] party arms and trains the Guatemalan right-wing organization, the MLN [National Liberation Movement].

"Everyone knows who the guilty parties are and where they can be found," Arce said. In conclusion, Arce stressed that "this crime must be punished."

Reactions from around the world condemning Oqueli's death continue to pour in. Yesterday, UN Secretary General Javier Perez de Cuellar, San Salvador Auxiliary Bishop Gregorio Rosa Chavez, the Guatemalan Congress, the SI, and Venezuelan President Carlos Andres Perez, among others, condemned Oqueli's murder.

Foreign Cooperation Minister Ruiz on Perestroyka

PA1801193790 Managua BARRICADA in Spanish 15 Jan 90 pp 1, 6

[Report by Luis Hernandez Bustamante]

[Text] Foreign Cooperation Minister Commander Henry Ruiz Hernandez exlained to BARRICADA the profound changes that are sweeping European socialist countries, saying that there was a need to renew old leadership models that had caused East European countries to fall prey to technological and political stagnation.

Contradicting the omnious calls of those who foresee the destruction of socialism, the Sandinist leader said: "I have no doubt about the doctrines, I have doubts instead about the politicians, as many times we have insufficient capacity to see into the hearts of the people the progressive inconsistencies that require a change in political leadership methods."

Ruiz said that in Nicaragua, direct contact with the people and following up on their most important problems has served to strengthen the revolutionary process, even amid difficulties originated basically by the aggression.

Going deeper into his thesis over the sweeping renewal movement in East European countries, Commander Ruiz said that socialism is a system that like others develops unequally. There are some countries that are more developed than others, with a different political life, which reach a moment when inconsistencies in the socialist field itself force changes.

"We have to say," he added, "that the USSR, our dearest ally, the country with the greatest understanding of the world's general situation, suffered—and we perceived it—from an excessive bureaucracy, a leadership too centralized, which contradicted the theoretical enunciations of a people's democracy."

He recalled that in the USSR, 5 years after the proletariat triumph, during the civil war, their top leader Lenin was on his knees. This later evolved into a strong domestic struggle for power just when World War II started, and these countries were rebuilt afterward.

He added that afterward, administrative problems emerged, but during the 1950's, the USSR began to surprise the world by the thrust of its development, which worried the capitalist countries, also causing them to become uneasy and continue increasing their military might. Churchill announced: "An iron curtain has been erected," after General McArthur had proclaimed that the "Red Army" had saved liberty.

Ruiz stressed that in the face of historic events that could not be controlled in time, a type of political leadership emerged, which doubtless had its effect on social development by falling into what they called "immobility." "Not renewing cadres," Ruiz stressed, "while the world was changing, prevented a dynamic and coherent method in the comtemporary world."

Ruiz explained that while the USSR had advanced scientifically, it lagged behind in the application of economic science and development techniques, "which in the long run is what is going to give society its profile."

"That is why," he stressed, "we find ourselves with a stagnated USSR, and with the theoretical phenomenon of a developed country that turns out to be, technically, a country under development. We should not allow ourselves to be confused by the Soviets' tremendous technological advancements—the first to put a man in space—with the economy of a developing country."

To Commander Ruiz' way of thinking, perestroyka "covers a entire range of problems, has given these problems a doctrinal course, and starts a process of renovation, that in addition includes a democratic method that allows the masses to actively participate."

"Perestroyka," he warned "does away with the old processes, the wealth of which had been depleted, because they were only valuable in their time." Ruiz cautioned that, while perestroyka works in an almost formidable manner—as it has brought new hope to the world—other contradictions within the USSR are cause for concern, such as the outbreak of conflict among the nationalities, issues that were not solved when Gorbachev brought a significant shift to the country's policies.

Commander Ruiz also analyzed the people's massive participation in these renewal movements. He said that in the specific case of the GDR, all its leaders were replaced. These leaders failed to realize that the world had changed, and that in the end the masses are the chief protagonists when things reach that point. He recalled that following Gorbachev's last visit to Berlin, there were public demonstrations, "but the leaders stubbornly refused to admit what was happening or felt it was something artificial. The complex thought of the Marxist-Leninist doctrine was, in practice, reduced to an analytical oversimplification, and we are now witnessing the results. [quotation marks as published]

In another aspect of his analysis, Ruiz noted "socialism declares man to be the center of things, but it also talks of the individual's role within that system...to each according to his work. However, that last part was not observed. No one can deny that some people are more talented than others, but this regime tried to put equality above everything else. So, it was impossible for some talents meant to serve society to be treated differently. [quotation marks as published]

"I have no doubts about socialism, and I do not need—and this is a personal opinion—new instruments to interpret the course of history. I think Marxism remains rich, but the source of the problem is that the various systems kept scientists from conducting research with a scientific mentality. From this standpoint, new things amaze us in the same way the natural sciences amaze scientists."

"I am glad that under socialism the masses promote the course of history, which strengthens, not alienates, the credibility in Marxism. It is not one leader who is doing this, but the masses; they are even seeking leaders. The communists will have to prove that they are the best, and that the vanguard leaders cannot rest on their laurels." He recalled that figures like Gorbachev and other reform leaders in the USSR had emerged from the socialist system. "The prophets of socialist doom will wonder how these leaders emerged. That means that the society has also accumulated political and ideological awareness."

After noting that the Third World countries must congratulate themselves for the new political proposals mentioned, he warned that it does not mean a paralysis of the revolutionary movements. "History teaches that revolutions have never stopped for lack of methods. Today revolution could be carried out through armed struggle, tomorrow it could be through the parliamentary method, the next day it could be through political strategy; however, revolutions never stop."

"The changes in Latin America cannot be stopped. Either capitalists make them defend a system of development through a different form of exploitation that distributes more and is less colonialist, or the masses do it by following another course."

"I do not think perestroyka will dishearten revolutions. We are obligated to seek new methods to achieve change. Victory lies in winning over the masses to promote change."

"The question is not," Ruiz said, "that Luis Hernandez is an unknown person, but that Luis Hernandez' views are heard. This is Engels' concept; no one else said it. Engels stated that a Michelangelo or a Raphael could be found in every man, but he did not want to turn every person into a famous painter, rather he wanted to see the creator in every man. That is the society one aspires to, and I believe socialism provides those possibilities."

Commander Ruiz stated that even in cases like Poland, where a noncommunist government is in office, a return to a precommunist past is not expected because the problem does not have to do with what two or three leaders would want, instead highly politicized masses are wielding power. "We must warn that there is state property in Poland, and that no one is clamoring to transfer it to private hands, an essential element to completely make the change toward capitalism." He stressed that Solidarity's presence constitutes a test for that country's socialism, where once the course of the regime is established, others may change it to lead in the direction the masses have chosen. To do otherwise would be to return to fascism, a system that is impossible now."

Ruiz said that in Poland, all the forces participate, because even the Polish United Workers' Party, the communist party, is seeking ways to renew its thinking and methods to play an active role in that society.

Panama

President Endara Speaks on National Situation

PA1901002890 Panama City Domestic Service in Spanish 2151 GMT 18 Jan 90

[Speech by President Guillermo Endara Galimany at a ceremony hosted by the Civic Crusade at the Atlapa Convention Center in Panama City—live]

[Text] Fellow citizens: Once again I address you to inform you on basic matters affecting national life, because absolute openness in the handling of public affairs is my obligation and my vocation as the primary servant of Panamanians in a legal, democratic, and free state.

The blind, selfish stubbornness of the dictatorship imposed on us a high cost in sacrifice that has been paid for many years by us Panamanians, and more recently, by U.S. citizens. Many families from our two countries are submerged today in mourning and sorrow because of the irreparable losses that they have sustained. To them, our most sincere expressions of condolence and our pledge that their losses will not be in vain, because thanks to their sacrifice and the work of all from now on, Panama will emerge before the eyes of the world as a new beacon of democracy, liberty, justice, and prosperity for all. [applause]

The country is aware that the most urgent social efforts, such as the resupply of food, medicine, and essential medical supplies, have begun with the generous support of official and private organizations from friendly countries, and with the cooperation and firm effort of local civic organizations and fellow Panamanian citizens. Our most profound thanks to them all.

Today, I must refer to my government's program to immediately confront the huge task of rebuilding the nation's economy. The Panamanian economy has sustained incalculable damage as a result of the long years of military control of the government, the excesses by the regime during the political crisis of the past 30 years, the U.S. economic sanctions, the very costly but necessary military action to remove the dictatorship, and the acts of vandalism that took place in the time between the destruction of the former Defense Forces by U.S. military action and the reestablishment of order.

Let us look at some of the most obvious signs of the economic crisis: In the past 2 and ½ years, the GNP has declined 25 percent, a decline that is comparable only to that experienced by the countries most affected by the great depression of the 1930's. Unemployment tripled between 1987 and early December of last year, when one in four of the urban labor forces was unemployed. At this time, the proportion of unemployed is close to one in three members of the urban labor force. The physical infrastructure has deteriorated seriously because of a lack of maintenance, and there has been a dramatic reduction in the volume and quality of public services.

The military confrontation and the acts of deliberate destruction by the paramilitary groups of the deposed regime, along with the looting they promoted, have taken the toll of destruction into the multimillions. Government finances are totally bankrupt, whether we judge them from the technical, physical, administrative, moral, or any other viewpoint.

Allow me to inform you, albeit briefly, of some of the things we have found.

Openness, clearness, and accountability must be the key in a democratic system—as it is in our case—for the handling of all fiscal matters. Nothing even remotely resembling this was done in the past. The high-ranking officials, and some of lower rank, too, devoted themselves with an ability that was worthy of a better cause to ransacking the public treasury. Not all revenues from taxes ended up in the National Treasury. A substantial part of these revenues ended up in private pockets as kickbacks and sinecures.

We have found that Cabinet ministers received cash payments to condone the operation of illegal gambling centers and that funds so received were devoted to macabre purposes. This was protection money in the style of the worst mafia days. Hundreds of business concessions were granted to proteges of the regime and the payments for these concessions never reached the national coffers. The millions of balboas in cash—the information of which we will publish as soon as the investigation has been completed—that were found in the desks of officials and in the homes devoted to committing crimes of all sorts bear witness to the fact that the fallen regime was essentially a diabolical machine devoted to stealing our money and increasing its assets.

The official payroll reflects checks to advisers amounting to thousands of balboas each, with the incredibly cynical circumstance that in the space of the stub for listing the tax and social security withholdings which are deducted from the paychecks of all public or private employees in this country an inscription reads: Exempt. So much individual wealth has been obtained overnight without the sweat of daily toil and saving and sacrifice, but rather on the basis of misappropriations, drugs, loans from official institutions that were never paid, illegal introduction of Chinese and Cuban citizens into the country to whom false passports were sold in exchange for money, prostitution, pandering, and embezzlement.

You, the majority of Panamanians, who paid your taxes when you received your salaries or purchased goods, were financing the armament of the misnamed Dignity Battalions and the CODEPADI's [Committees for the Defense of the Fatherland and Dignity], the bribing of journalists, the corrupt union leaders, and the political leaders in the service of the former regime. Everybody in Panama knew it, and we have now confirmed it. The amounts of wealth were huge. There were houses, luxury automobiles, mistresses on the public payroll, bank deposits, and orgies paid for by all of us to please the local rulers and their international allies.

What was the lot of the ordinary citizen? A continued contraction of the national economy, growing and widespread unemployment, squandering of the taxpayers' money, and exploitation of public employees. An official document which we now have in our hands, issued by an international authority after confirming the elimination of the 13th month bonus, textually said regarding the fiscal actions of Noriega's government, and I quote: In addition, the Cabinet economic team has approved leave without pay for 1 month for all public employees effective 1 January 1990. End quote.

[It meant] total bankruptcy of the private sector because the 40 million balboas which had been deducted from the payrolls were devoted to the regime's wicked ends and not delivered to the firms that had supplied homes and merchandise to the public employees. Finally, the widespread looting and destruction of stores—and the jobs together with them—had been planned for the end of the year so as to precede the final seizure of absolute power by the narcodictatorship.

In the face of this hellish plight, our response is: Never again. [applause]

Crimes will be punished in accordance with the law. Stolen funds will be returned to their legal owners, and from now on public funds will be managed honestly. We will start working on economic reconstruction immediately.

Allow me to outline our basic philosophy on how to direct the reconstruction of the economy:

Our government of national reconciliation and reconstruction has drafted and adopted a short-term program for the economic reconstruction of Panama. This program is a result of discussions and analyses that began taking place at the beginning of 1988, and it was stated in the agenda for national reconstruction that the Civic Democratic Opposition Alliance [ADOC] slate presented to the country in April 1989 with our active participation as part of our government platform.

While the military action was being executed, our economic advisers were updating our economic program, taking into consideration the results of the actions that were taking place at that moment. On Christmas Day, perhaps because God wanted it that way, our advisers completed their task.

The country's economic reconstruction will begin immediately and will be based on the priorities we have established to benefit as much as possible from our own resources and from available foreign resources.

Our priorities are based on five guiding principles:

1. The main problem is unemployment, and the program is entirely aimed at directly or indirectly resolving this problem.

2. Public investments are not an efficient tool for producing a short-term reactivation. Evidence of this is the notorious sequel of the government's huge public expenditures in the past 21 years: In the domestic arena, corruption and waste; in the international arena, the huge foreign debt that is suffocating us.

3. It is necessary to eliminate all the privileges granted by the regime and to break the chains that tie the national economy and, especially, some private sectors that have the ability of reacting immediately.

4. The most important ingredient of recovery will be our own work and the adjustments we must make to our economy to make it competitive again.

5. We need generous and timely aid from the United States and other friendly countries to implement our reconstruction program. We are actively working on this already. We have formally told President Bush about the support we need to work on our priorities. U.S. aid is important to complement our economic efforts. It is essential to secure democracy and liberty in Panama, and it is essential to ensure that the sacrifices of Panamanians and Americans are not made in vain.

The principles I have stated are the guidelines for a reconstruction program that tackles priorities through specific actions to be carried out by the Panamanian Government and through foreign aid from the United States, other friendly countries, and multilateral financial entities.

We have never drafted a separate purchase list, and we have not solicited gifts. We have not asked anyone to pay a price, because we have not delivered anything that requires payment. We have a program to reconstruct our country based on our particular points of view and our sense of priorities, and we are requesting support to work on this.

In the rebirth of this nation that belongs to all Panamanians, we have the commitment to act with dignity, to show respect for ourselves, to be capable, and to work in a modern and professional fashion.

Our break with the past is radical. Emphasis is on what we must do ourselves, because our recovery depends on this.

We now have stated this clearly: We require generous, timely, and just aid from the United States and other friendly sources.

I have asked my second vice president and planning and economic policy minister to present to you the main guidelines of the reconstruction program.

I have asked the first vice president and government and justice minister to present to you a report on the new Public Force, which is a source of concern for all Panamanians.

I urge you to become aware of the challenges and responsibilities we must face. Fortunately, we will be doing this in a political and moral framework in which serious and honest efforts will be rewarded. We will be doing it convinced of, and satisfied with, the fact that we will rebuild our country together for our peace and enjoyment and that of the future generations.

May God help and bless us all. Thank you.

Ford on Short-Term Economic Program

PA1901013890 Panama City Domestic Service in Spanish 2213 GMT 18 Jan 90

[Speech by Guillermo Ford, second vice president and minister of planning and economic policy, at a ceremony hosted by the Civic Crusade in the Atlapa Convention Center in Panama City—live]

[Text] Your Excellency, Mr. President of the Republic of Panama; Your Excellency, Mr. First Vice President; the Honorable Chief Justice of the now honorable Supreme Court of Justice [applause]; Mssrs. Ministers and Deputy Ministers; Mr. Comptroller General of the Republic; Your Excellencies, Mssrs. Ambassadors who believe in freedom and support our cause [applause]; Most Beloved Apostolic Nuncio of His Holiness the Pope [applause]; equally beloved, respected, and appreciated Archbishop of Panama Monsignor Marcos McGrath [applause]; Compatriots:

With full awareness of the momentous responsibility that has fallen on my shoulders, I hereby comply with the instructions of His Excellency, the president of the Republic, to present to you the general guidelines of our short-term program for the economic reconstruction of Panama.

Before outlining what the constitutional government of the Republic considers to be a strategy for national reconstruction and reconciliation, it is necessary to clearly reemphasize the dramatic state in which the public finances and the general situation of private enterprise were to be found.

It is truly painful to have to admit that the national treasury was in a state of total bankruptcy because of the disorder, fraud, and actions that can never be justified, which worked directly to the detriment of the most needy.

Faced with such a panorama and with a full sense of responsibility, the constitutional government has been able to normalize public finances as much as possible within a short time by means of a severe control of public expenditures through a system of a single fund [unidad de caja] and disbursements approved solely by the Office of the Comptroller General, as well as the acquisition of goods and services for the state through the mechanisms of public bidding or price competition carried out by the Finance and Treasury Ministry.

We base the reconstruction of our country on the iron determination of the Panamanian people and of the foreigners who live with us in our fatherland to achieve the necessary economic stability, with emphasis on the poorest sectors, and with a clear orientation toward private enterprise—which should be interpreted unequivocally as meaning that this program is aimed at generating new jobs en masse.

The program is structured on the basis of the following eight specific actions: Housing for the Chorrillo victims, emergency jobs, support for the production sectors, reestablishment of the financial system, the putting of public finances in order, elimination of favoritism and obstacles [as heard], key state actions, and a strategy for the 1990's.

Housing for the Chorrillo victims: The military action against the headquarters of the former Panama Defense Forces [FDP] and the direct action of paramilitary groups of the deposed regime resulted in the destruction of a large part of the densely populated Chorrillo neighborhood, the area of residence of a large number of mostly low-income people where there was also a high unemployment rate.

Based on analyses done so far by officials of the Housing and Public Works Ministries, a program has been designed to provide good, decorous housing and the corresponding infrastructure for the 2,500 families who were affected. Our first priority is to begin implementing this program as soon as possible.

Emergency jobs: The group of measures that make up the program one way or another constitute an instrument to promote the reactivation of employment. Nevertheless, there are powerful reasons to create programs that immediately generate provisional jobs. Reactivation of production will generate employment at a speed that might not initially be enough to have a sufficient immediate impact on the presently unemployed and on people who will seek to join the labor force in 1990.

We have defined two main programs for generating direct employment within a period of 2 years for each program, a timeframe that is considered sufficient for the economic reactivation process itself to have absorbed a substantial proportion of the currently unemployed in permanent positions. The programs are the emergency social fund and the private sector emergency employment plan.

a. The emergency social fund will make donations to nongovernmental organizations to allow the latter to carry out community projects and generate essential jobs that require few skills for people who are at the base of the wage pyramid.

The nongovernmental organizations, such as cooperatives, base church organizations, community groups, civic organizations, foundations, and others from all areas of the country will present plans for the expansion or repair of schools, health centers, churches, parks, aqueducts, sewage systems, playgrounds, community farming plots, streets, highways, bridges, and others, for which we expect to have available $200 million to be spent within 24 months. This way, we will keep 20,000 persons employed during that period, and at the same time will do important work for the communities throughout the country.

b. The emergency employment plan consists of making more flexible certain rules of the labor legislation for 24 months, and in order to make it easier to preserve the existing jobs, we will legislate to allow freely negotiated agreements to be entered into by employees and employers so as to allow adjustments to be made in the amount of salaries paid by firms which would otherwise have to close or lay off persons who were employed before the developments of late December.

The adjustments will apply exclusively to the salary and other economic benefits voluntarily agreed to among the parties, and all labor benefits provided for by Panamanian legislation will be maintained.

Support to the production sectors: To have a significant impact on unemployment and to reenliven production, we need to give very special support to the production sectors which have been affected by the destruction and the looting, as well as the previous 30 months of severe economic contraction. To confront this situation, we have drawn up a program that combines various features, to wit:

a. Financing under sufficiently easy payment terms to allow the business firms to rebuild their working capital.

b. Special support in the form of indemnities to cover a portion of duly proved losses.

c. A bill will be submitted for consideration to the Cabinet allowing the import taxes corresponding to the replacement of machinery, equipment, and merchandise of businesses that suffered physical damage to be paid to the treasury during a period of up to 90 days, counted from the date on which the goods arrived in our country, always provided such imports enter our national territory not later than 15 March 1990.

d. A bill will be submitted for consideration to the Cabinet establishing a system for the carryover of losses, to allow businesses to be consolidated and strengthened.

e. Based on the fiscal situation, the national government will pay, beginning in January 1990, the sums withheld from paychecks of public employees. [applause] After the national budget is prepared, and based on the state's projections, we can reach a decision regarding the arrears in payment of these sums which have been inherited from the previous regime.

f. The national government will continue accepting the tax credit certificates (CATs) for payment of up to 25 percent of tax amounts. The Finance and Treasury Ministry will shortly regulate this mechanism because the intention of the government of reconstruction is that these documents serve, in effect, as an incentive to Panamanian exports and not as an instrument for enrichment through fraudulent exports as was the case in the past.

As a boost for the economy in the rural areas, and particularly for that of the approximately 4,000 sugarcane producers, the Cabinet Council authorized the harvest of state-owned sugar mills to be carried out with an investment of $7.1 million. Harvesting will begin on 22 January.

Financing for enterprises: The credit component consists of granting medium-term financing to enterprises of all production sectors to allow them to rebuild their working capital. The source of the loans would be soft credits from the U.S. Government, multilateral financial institutions, and export banks or foreign aid institutions of the industrialized countries. The resources will be distributed through the Banco Nacional, which will act only as a discount window and not as a direct lender.

The banks holding a general license may discount loans which are made under and comply with already defined criteria, each such bank assuming the risk of the transactions they discount. Through this program, the banks can begin to make loans immediately, not having to wait for a return of deposits and the reestablishment of financial intermediary activity.

b. [letter as heard] Indemnity program: It consists of a cash payment of a percentage of the losses actually suffered.

The indemnity plan considers the following aspects:

1. A system to determine and certify the amount lost.

2. A table of the percentages of the total losses that will be indemnified, which will be based upon the resources available, the jobs generated by each activity, and the affected individual's financial situation.

3. An ad hoc organization to administer the program. The procedures and distribution will be carried out through the banks that negotiate the credit operations.

The effect of the combined credit and indemnity or incentives program is to strengthen the business sector and the banking system while promoting production and employment. This aid will be granted only to firms that have the capacity to continue operating and pledge to do so.

Financial system: To reactivate the economy, it is necessary for the financial system to be capable of mobilizing a high enough level of intermediation to finance its regular activities as well as investments. At the end of 1989, approximately 80 percent of private local deposits were restricted, although some of them—the amount of which has not been established—were converted to CEDIS [investment certificate bonds]. In recent months the level of intermediation stood at approximately half of the average recorded between the end of 1986 and the beginning of 1987, which was caused by the freezing of deposits and by the depositors' lack of confidence due to the political situation at the time.

To restore banking activity, we have first of all prepared a plan that consists of various elements and concludes with the elimination of the current restrictions on deposits while providing various support mechanisms to the banks in order to facilitate this release of deposits. Over the next few days we will be reviewing our plan with some of the most qualified specialists worldwide, whose advice we have secured from the leading international financial institutions and from the treasuries of friendly governments.

As part of the review process we will consult in-depth with the national banking sector, borrowers, and depositors, and then we will announce to the country the details of the plan to normalize the banking system.

Systematization of public finances: Public control of the budget, which is the instrument par excellence to govern in a responsible and efficient manner, had been lost since 1986 after only 2 years of fulfilling the legal formalities, and it is essential to restore it immediately.

Budget management—including its total figures, its initial structure, and its execution—is our government's message to international agencies and foreign governments, as well as to the country's financial and business sectors regarding its fiscal policy and the honesty and discipline of its management.

The government will adopt a general state budget for 1990 which will be effectively balanced, fiscally responsible, and economically rational; will use the funds frozen by the United States, as well as by multilateral credit institutions; and, will efficiently take advantage of the foreign aid received for reconstruction.

The 1990 budget will have a surplus in a checking account to contribute to the financing of public investments, it will show discipline regarding the government's payroll and other consumer expenses, and it will have a relatively large investment component. The priority in the handling of regular expenses is to restore the social services that the state had abandoned, especially health and education.

Even if there is not enough time to include all of the foreign resources that should be received during 1990 in the provisional budget, this fact should not hinder the approval of a well structured budget. Later in the year we could make the necessary modifications, strictly adhering to the constitutional and legal laws that govern the subject. The budget will faithfully record all of the donations that are received during the fiscal year.

The physical investments budget for 1990 will be formed primarily by financed economic and social strategic projects—whose payments had been suspended because of our delay in paying our debts with the international financial institutions—and infrastructure repair projects capable of generating many jobs.

Our financial investments will include the emergency social and financial support programs described earlier. Several investments for 1990 require credit from international financial institutions with which the country is in arrears. This situation prevents these institutions, due to arrangements in their constituent charters, from making disbursements on loans that were already approved, or from making new loans. At the end of 1989, the total amount of interest and capital owed to the World Bank, the Inter-American Development Bank, and the IMF—which are the only sources in any condition to make loans for investments—was $540 million.

Since the country does not have sufficient resources to resolve this situation, we are seeking the cooperation of the United States in having it head a support group with other friendly countries to establish a program of cooperation to overcome the situation we are facing regarding multilateral organizations and to carry out priority investment projects.

Representatives of the national government and the commercial banks have already met to search for solutions to the foreign debt.

The elimination of privileges and obstacles: During the two decades that the military regime lasted, many obstacles were created against the efficient functioning of markets. It will take some time to dismantle these obstacles. Some of these obstacles, however, must be eliminated immediately to permit the reactivation of sectors that can react quickly without significant state or national private sector investments.

The most important actions we are carrying out in this regard are:

1. To eliminate, review, or control concessions granted based on favoritism and on criteria that do not benefit society—especially with regard to the printing of lottery tickets, the domestic media [applause], and the collecting of taxes.

2. To eliminate monopolistic concessions on the transporting of passengers to permit the mobilization of tourists in groups. [applause]

3. To simplify the entry of tourists in the country by expeditiously and cordially processing their entry.

4. To eliminate the exclusive transport of cargo in some routes, especially from the Colon Free Zone. [applause]

5. To privatize all port functions that permit privatization to assure improved efficiency and safe services, as well as a reduction in charges.

6. To create a system of concessions for qualified operators having international experience to establish and manage the transporting of containers, thus setting in motion in a practical and immediate way the old centerport concept.

7. To review and expand all the legislation on industrial free zones, including the legislation on labor aspects, and to modernize it, to make it flexible, to put us in a competitive position with regard to other countries of the region that are successfully carrying out assembly plant operations [operaciones de maquila], operations that have significantly helped their economies. [applause]

8. To rationalize price controls to eventually eliminate the Price Control Office. [applause]

9. To restore the program for the dismantling of the tariff protection system.

10. To establish new mechanisms for the signing of contracts and management of the national government's and the decentralized institutions' insurance policies to avoid favoritism and the rapid acquisition of wealth, something that happened in the past for the benefit of insurance brokers tied to the regime. [applause]

This will permit better coverage, lower costs, and timely and adequate handling of claims.

11. To prevent the utilization of Panamanian stock companies to achieve goals that go against the moral norms established by the reconstruction and reconciliation government. [applause]

12. To strictly implement laws on bank operations so that what is known as bank secrecy is not used to secure objectives that go against morals and, especially, to prevent the laundering of money and other illegal operations. [applause]

Yesterday, fortunately, the cartels surrendered. Otherwise they would be after me right now. [applause]

In the near future, we will seriously tackle the high cost of housing. Detailed analyses on this matter have been made, and they should be very useful in preparing a plan for the integral reactivation of this important sector.

These efforts will reestablish a sense of justice in the handling of government affairs, will permit the creation of a significant amount of jobs this year, and will set the basis for international competitiveness by Panama.

Key state actions: The state's administrative apparatus is literally bankrupt as a result of the misuse of resources and their utilization by the military regime as a source of political support and not as a source of development, as it should be.

For this reason, a priority short-term action will be to organize work groups, made up primarily of people from the private sector, to propose to the executive in the first 3 months of 1990 defined policies in the following areas:

1. Identification and justification of the foreign aid required for the rest of the year that could not be included in the 1990 budget.

2. Restructuring of the state's economic administration.

3. Level of employment in the public sector, and a program for reducing it over the medium term based on the revitalization of the economy.

4. Policy for remuneration of government workers. The sinecures have come to an end. This is a promise that has been kept. [applause]

5. Privatization of certain government enterprises.

6. Management of the foreign debt owed to private creditors.

National strategy: Thus far, we have broached matters that are primarily related to a short-term recovery. However, it is necessary to raise our sights to a wider horizon, because Panama has lost its sense of direction as a nation in all areas, including the economic area, and there is no true consensus regarding the kind of country that we want to be. The establishment of that consensus is a basic prerequisite to launch a dynamic, sustained development process, which—no matter how much public expenditures increase and despite the adoption of wise technical measures—cannot be realized unless there is a national commitment to it. For this reason, we are naming a high-level national commission to present to the executive within a 6 month period a proposed strategy for national development in the 1990's that will redirect the country's orientation outward in order to create an economy that is competitive in the exportation of goods and services.

In a second period, the commission should recommend decisions on the necessary microeconomic and macroeconomic policies that will make the proposed strategy a reality.

This is our short-term program, which we will publish in a few days so that citizens may study it in depth. Implementation of it will produce a significant reduction in unemployment and a large-scale recovery of national production. At the same time, it will establish the bases for a sustained and dynamic process of economic and social development over the long term.

It is obvious that the new style that we offer the country is diametrically opposed to the tradition of the past 2 decades of a wasteful and paternalistic state that sought to solve problems by throwing money at them. Instead of development, this brought corruption and indebtedness. [applause]

Our program is one of work and effort. Its focus is inspired by the words of the great U.S. Democrat, and I quote: Ask not what your country can do for you; ask what you can do for your country. [applause]

I invite you, with the help of God, to join in a joint effort to work for the reconciliation and reconstruction of this fatherland, which shelters us all. I have left for last, with the approval of his excellency the president, a subject that I will discuss very briefly: The eternal gratitude of those of us who joined together, not in a political campaign, but in a brotherhood and in a commitment that we swore to God to fulfill, a commitment that has been made possible by that great civic crusade that is honoring us today, [applause] those brave men and women, many of whom I am seeing today for the first time since they returned to a free Panama from an exile forced upon them by the tyrant. This is a tribute that the pages of history, as I have told them before, will record in golden ink and with God's blessing because of all that they have done for us. Thank you. [applause]

Endara, Linares Discuss Prominent Issues

PA1801150290 Panama City Circuito RPC Radio in Spanish 1222 GMT 18 Jan 90

[Report by Alvaro Alvarado]

[Text] Attending last night's swearing in ceremony of the American Chamber of Commerce board of directors were many important figures, including the new ministers, President Guillermo Endara, First Vice President Ricardo Arias Calderon, and Second Vice President Guillermo Ford, as well as the president of the Chamber of Commerce of Panama. Here is a recording of a very brief interview with President Endara at the start of the event. He talked to us about a meeting he attended yesterday evening with leaders of the National Federation of Associations of Public Employees, FENASEP.

[Begin recording] [Alvarado] Is it true FENASEP met with you?

[Endara] They did meet with me.

[Alvarado] What did you talk about?

[Endara] We talked about some dismissals they deem unjustified, and I promised to look into it.

[Alvaraado] Is it true that Col. Luis Cordoba [of the former Panama Defense Forces] was arrested?

[Endara] I do not know about that. Ask the government and justice minister who is always up to date on those reports.

[Alvarado] Has the order for mass dismissals been suspended until an in-depth investigation is conducted?

[Endara] We promised public employees we would not have a politically motivated mass dismissal. We will keep our word, and we are asking that this sort of dismissal not be carried out. [end recording)

Friends, these were the brief remarks by President Endara, who was in rather a hurry upon his arrival at the Marriot Hotel. Later, we talked with Foreign Minister Julio Linares, who commented on the attitude adopted by Peruvian President Alan Garcia. Linares is very clear on the situation Panama is experiencing with Peru.

[Begin recording] [Alvarado] Mr. Linares, this afternoon we heard the rumor Col. Cordoba was arrested. Do you know if he has taken refuge at an embassy?

[Linares] I have not been informed of that. If he has taken refuge at some embassy, the Foreign Ministry has not been informed by that mission.

[Alvarado] What can you tell us about the expulsion of a Peruvian diplomat?

[Linares] The same thing the deputy foreign minister said when he made the announcement. Unfortunately, the Peruvian president and his foreign minister have been denigrating our government and our president. No self-respecting country can accept that situation.

[Alvarado] Do you expect there will be a break of relations with Peru?

[Linares] I do not. I just expect President Alan Garcia to behave like a statesman, not as he has until now. One gets the impression that Noriega's fall has personally affected him.

[Alvarado] Are there other criminals inside other embassies? How do you feel about it, in the light of the problem with the Peruvian Embassy?

[Linares] On the whole, we have not had any problems with the other embassies. I want to make it clear that our differences with the Peruvian Embassy are in no way related to the presence of persons seeking refuge there. The differences stem from fact that the Peruvian president and foreign minister have been denigrating our president and government. [end recording]

Lima Paper Interviews Endara on Garcia

PA1801180590 Hamburg DPA in Spanish 1553 GMT 18 Jan 90

[Text] Lima, 18 January (DPA)—Today, the Peruvian newspaper "LA REPUBLICA" published an interview with Panamanian President Guillermo Endara in which he said "I am not, nor will I be, a U.S. puppet" and denied that diplomatic relations with Peru would be broken.

The interview was given on the same day that Panama expelled Peruvian Charge d'Affairs Luis Sandiga and gave him 72 hours to leave the country. During the interview, Endara commented on the Panamanians who have sought asylum at the Peruvian Embassy.

"I do not know how Peru associates with such criminals. I sincerely believe Peru is making a big mistake by giving asylum to such criminals. There are men in that embassy who do not bring any benefits to Peru," he said.

When Endara was questioned about whether he was sworn in at a U.S. military base, he replied: "We were sworn in on Panamanian territory. We asked that it be so." He did not say where the event took place, as he had made a commitment not to, but he said it had not been on a base.

[Passage indistinct] "Alan Garcia would have wanted to beat his opponents by the margin that I won over mine," he added.

Endara then stated that the invasion had not been requested and had only been reported to them hours before it took place. He said that the fact that "my Peruvian, Ecuadoran, Chilean, and Argentine brothers have not accepted me, does not cause me to lose any sleep. I worry about organizing a democratic nation here, about the disastrous economic and moral situation, but I am not worried that Alan Garcia does not want to accept me."

Further into the interview, Endara said he did not believe the situation would reach a point where relations with Peru would be broken, but said he was annoyed with Alan Garcia's statements.

Endara disclosed that he admired Alan Garcia "despite all the things he has said. I believe he is a democratic leader and a leader that has helped us at all times during our struggle to attain democracy for Panama." He added that he was grateful that the Peruvian president had considered Noriega as a dictator "and told Noriega he was a dictator. We cannot forget this, and we have to be grateful to Alan Garcia."

Endara Comments on Asylum, Economic Policy

PA1501164390 Panama City Radio Continente in Spanish 1230 GMT 15 Jan 90

[Text] President Guillermo Endara has told this station that the government's economic policy to rebuild the country will be announced on 18 January.

[Begin recording, in progress] [Endara] ...we have to respect international law. The right to asylum is an institution of international law that is regulated by treaties in Latin America. We have to comply with those treaties. If there are individuals who do not deserve political asylum because they are murderers, thieves or have caused harm to the people, we will make this known to other countries. We will tell our Latin American brothers: Those individuals you are sheltering are common criminals who do not deserve the asylum for which the Latin Americans have fought for so many years.

[Reporter] What progress has been made by the government regarding the economic policy and the country's reconstruction?

[Endara] We are just beginning. We have the plans. On 18 January, Vice President Guillermo Ford and myself will each deliver a speech on our government's economic policy and the country's reconstruction. We are presently drafting those speeches. I think they will be ready by 18 January, then we will be in a position to answer your question. [end recording]

Endara Meets Costa Rican Opposition Candidate

PA1301192890 Panama City EL PANAMA AMERICA in Spanish 12 Jan 90 p 1

[Report by Juan Pritsiolas]

[Text] On 11 January Rafael Angel Calderon, Costa Rican opposition presidential candidate, proposed to President Guillermo Endara an idea designed to "revitalize" OAS actions at the Latin American presidential level.

Rafael Angel Calderon visited the presidential Palace of the Herons to express his solidarity with the new Panamanian Government. He expressed regrets that Costa Rican President Oscar Arias was not the first Latin American head of government to recognize President Guillermo Endara.

The presidential candidate said he was "sad" that the OAS did not act with "greater force" regarding the Panamanian situation, something that would have prevented the deaths of so many people.

Calderon avoided expressing an opinion on the U.S. military intervention in Panama, arguing that this is the sole concern of the Panamanian people and Government.

He also said that the issue of U.S. troops withdrawing from Panama must be "decided" by Presidents Guillermo Endara and George Bush.

The Costa Rican opposition candidate also disclosed that 5 years ago, he held a 15-minute meeting with the now ousted General Manuel Antonio Noriega.

When he arrived at the presidential palace, Calderon was greeted by relatives of Jorge Casasola and Juan Morales, two Panamanians who are being held in Costa Rica for planning guerrilla action against Gen. Noriega.

The presidential candidate spoke with the protesters and promised to undertake the necessary efforts to provide the Panamanians with good defense attorneys.

This newspaper has learned that the Panamanian authorities spoke by telephone on 11 January with Costa Rican Security Minister Hernan Garron to ask for Casasola and Morale's possible deportation.

Arias Calderon Seeks Support for Public Force

PA1301192590 Panama City Telemetro in Spanish 2300 GMT 12 Jan 90

["Message to the country" by Ricardo Arias Calderon, first vice president, and government and justice minister, in Panama City; date not given—recorded]

[Text] I know you have many questions regarding the Public Force, the new Public Force. That is why I want to tell you that it is under the authority of President Guillermo Endara, through the Ministry of Government and Justice, which I control, and which includes all the province governors. The new Public Force is becoming a professional and technical corps for upholding the law, maintaining order, and giving all Panamanians security with full respect for our human, civil, and political rights as our democratic institution orders it.

This is a profound renewal with a purge and reorientation. That is what we are doing. These are good changes, which raise our confidence and indicate to us that we are on the right track. The entire public administration, the Public Force included, is here to protect the values of all Panamanians. That is why it deserves our respect and our support. We are indeed going to have clear and just rules for those ruled and those ruling, under the same law. That is our commitment.

'Government Source' Reports Internal Struggle

PA1801170790 Paris AFP in Spanish 0547 GMT 18 Jan 90

[Text] Panama City, 17 Jan (AFP)—A government source has disclosed that an intense internal struggle over the distribution of government positions has broken out in the coalition of ruling parties in Panama, less than 1 month after taking power thanks to the U.S. military occupation.

According to the source, the crisis is due to the fact that "the Christian Democrats have monopolized the government," something that has angered the rest of the members of the ruling Civic Democratic Opposition Alliance (ADOC).

The ADOC is formed by the Christian Democratic Party (PDC), the Authentic Liberal Party (PLA), the Nationalist Liberal Republican Movement (MOLIRENA), and a sector of followers of former President Arnulfo Arias—to which President Guillermo Endara belongs—who were expelled from the Authentic Panamenist Party (PPA).

A visible sign of the problem appeared today when approximately 500 Endara supporters demanded in front of the presidential Palace of the Herons a better distribution of power.

A diplomat confirmed the discontent in the ADOC, stating that it had emerged after the distribution of the "political posts," which were mainly obtained by PDC and MOLIRENA members.

According to the government source, the political struggle now includes the appointment of officials in 38 social service institutions and the country's 65 mayoralties.

The PDC—the secretary general of which is First Vice President Ricardo Arias Calderon—controls the Government, Education, Housing, Public Works, and Health Ministries.

The MOLIRENA—one of the leaders of which is Second Vice President Guillermo Ford—is in charge of the Foreign, Finance, Labor, and Planning and Economic Policy Ministries.

The PLA was placed in charge of the Ministries of Agricultural Development and the Presidency. The followers of Arnulfo Arias (Arnulfists) received the Commerce and Industry Ministry.

It is precisely the Arnulfists who have raised an outcry and today they went to the presidential palace to protest to President Endara the alleged discrimination against them. Political observers in Panama note that 28 days after the U.S. invasion that overthrew Gen Manuel Antonio Noriega's regime, the government faces problems in different areas.

Internally, the government has been unable to definitely organize the Public Force that will replace the defunct Defense Forces and be in charge of the security of the country and its people. Meanwhile, there are reports that gangs of criminals are committing thefts against small businesses and on buses in Panama City.

Other problems include the activity of the opposition, now led by the Democratic Revolutionary Party (PRD), the delayed U.S. economic aid, and the consequences of the "persecution" against supporters of the overthrown regime.

Internationally, the Endara government has ongoing diplomatic disputes with Peru, Ecuador, Venezuela, Cuba, Nicaragua, and Libya, in the embassies of which figures loyal to Noriega have taken asylum.

To this must now be added the growing internal struggle in the government coalition.

List Includes Former Officials as Legislators

PA1401155690 Panama City EL SIGLO in Spanish 13 Jan 90 pp 1,14

[Report by Chin Araus]

[Text] Communist Luis "Lucho" Gomez and Balbina de Perinan, the controversial political leaders from San Miguelito District, are reportedly confirmed legislators along with Tomas Gabriel Altamirano Duque, Alberto Aleman Boyd, Rigoberto Paredes, and Mario Rognoni.

They all appear on an official list that will be presented to the Electoral Tribunal so they can be recognized as the "loyal" opposition to the government headed by Guillermo Endara. Although the above-mentioned politicians are not supported by the majority of the Panamanian people (they are hated by some), all of them have reportedly promised to work in a constructive and democratic manner from their respective legislative seats.

Meanwhile, Mercedes de Leon, in charge of receiving charges filed at the Attorney General's Office, told EL SIGLO that nobody has filed lawsuits against Luis "Lucho" Gomez, Balbina de Perinan, or Edgardo Lopez Grimaldo, among other civilians and former military personnel who have committed abuses against citizens and the law.

Attorney General Announces Resignations

PA1301004190 Panama City LA ESTRELLA DE PANAMA in Spanish 10 Jan 90 pp A1, B2

[Text] Attorney General Rogelio Cruz has announced the resignations of several Public Ministry officials.

The officials include Alvaro Visuetti, assistant public prosecutor; Ruben Troetsh, secretary of the Attorney General's Office; Jose Bal, secretary of the Specialized Drug Secretariat; Gabriel Carreira, executive secretary of the Attorney General's Office; Gisela Vega, higher court public prosecutor in Chiriqui; Ana Belfon and Silverio Rodriguez, higher court public prosecutors; and Daysi Sanchez, Agustin Sanjur and Balbaneda de Perez, district prosecutors. The attorney general also announced the upcoming retirement of Mario Ballesteros, assistant prosecutor general, and Carlos Espinosa, prosecutor of the Second Higher Court in Chiriqui.

Referring to the vacancies, the attorney general said that provisional appointments would be made.

The Attorney General's Office is working full time on the large number of lawsuits that have been presented until now.

The Public Ministry reorganization is designed to improve the institution's capabilities in compliance with the law, which states that indictments should be completed in 2 months when there is only one defendant, and in 4 months when there is more than one. The new attorney general was sworn in barely 13 days ago.

Attorney General Describes Giroldi's Murder

PA1201213890 Panama City ACAN in Spanish 1947 GMT 12 Jan 90

[Report by Rolando Rodriguez]

[Text] Panama City, 12 Dec (ACAN-EFE)—Major Moises Giroldi, who led the military coup attempt against Former General Manuel Antonio Noriega on 3 October 1989, was "executed" by Captains Ramon Diaz and Heraclides Sucre a day after "he turned himself in," it was asserted today by Attorney General Rogelio Cruz.

According to the investigations, Lieutenant Colonel Luis Cordova was also involved in Giroldi's assassination. Lt. Col. Cordova transferred the military officer by helicopter from the former General Headquarters of the Panama Defense Forces [FDP] to the Tinajitas barracks, located on the outskirts of Panama City, where he was executed, the attorney general added.

Cruz offered unpublished details of Giroldi's assassination, including the fact that the late officer died as a result of bullet wounds fired from several angles, "almost pointblank," from an Israeli-made "Galil" rifle and an "Uzi" machine gun.

According to official reports from the FDP High Command, Giroldi and 10 other military officers died in combat on 3 October 1989, when troops loyal to Noriega suppressed the coup attempt carried out at the General Headquarters, located in the downtown area of this capital, with gunfire.

Cruz said Giroldi was captured in the General Headquarters, where, along with two units of antiriot police and the "Urraca" Company," he tried to retire Noriega and other high-ranking commanding officers from the FDP leadership by force.

Giroldi was later taken to the Tinajitas barracks, where he was locked in a cell called "the small one" [la chiquita] and watched by a guard.

During the evening of 3 October, hours after the coup was foiled, two captains and a major whom Cruz did not identify, subjected Giroldi to heavy interrogation. He later signed a document that witnesses termed a "passport to the other side."

Cruz said that on the evening of 3 October the Tinajitas soldiers were warned by their commanding officers that they would hear "some shots because new weapons were being tested," adding that they "should not react" to these shots.

Following the interrogation, which lasted almost all night, Giroldi "was taken out with his hands tied behind his back" and the officers told him "he was being transferred to other barracks."

"You are going to kill me," Giroldi answered, according to Cruz—who quoted witnesses he did not identify for security reasons. At that moment Sucre and Diaz "killed him," the attorney general said.

The body, "with bullet holes in its back, abdomen, and thorax," was loaded by two officers, "who were ordered to wear civilian clothes," into a government-operated Institute of Hydraulic Resources and Electrification vehicle that transferred the body to the (also government-run) Santo Tomas Hospital, in this capital, from where, for reasons unknown, it was returned to Tinajitas.

Once the body arrived at this garrison, Attorney General Carlos Villalaz, at 0500 on 4 October, a day after pronouncing him dead, called higher prosecutor Mario Ballesteros to tell him to go ahead with the official death pronouncement.

The identification of the body, by then at the Santo Tomas Hospital morgue, was on 5 October.

Capt. Ramon Diaz, former chief of one of the elite units of the former Defense Forces (the special antiterror unit) is currently detained by U.S. troops, which militarily intervened in that country on 20 December.

Capt. Heraclides Sucre is in refuge at the Peruvian Embassy, awaiting a safe conduct pass from the Panamanian Govenrment to allow him to leave the country.

Cruz believes former Attorney General Carlos Villalaz is an "accomplice" in Giroldi's murder. Giroldi was an officer who, together with his unit, quelled a military coup against Noriega on 16 March 1988 headed by Police Chief Col. Leonidas Macias.

The Attorney General explained that Villalez "knew" that the war bulletin that the Defense Forces issued over the dead and wounded between rebel forces contained false information, such as Giroldi having been killed in combat.

Photos of Giroldi's body were shown to the press, in which a wound could be seen that Cruz described as a "knife wound" on the left flank of his body, without explaining how or when it occurred.

Agriculture Minister on Sugar Harvest, Exports

PA1501200990 Panama City Circuito RPC Television in Spanish 1744 GMT 15 Jan 90

[Text] The United States has provided Panama with a market for its sugar production by means of a quota. Agriculture Minister Ezequiel Rodriguez talks about the sugarcane harvest season.

[Begin recording] [Rodriguez] The harvest season will begin on 13 February and the restrictions on the sugar quota have already been lifted by the United States. We have been told that Panama has a quota of 30,000 tons of sugar in that country's markets.

The pound of sugar is being sold in U.S. markets at over $0.24. The world market price is around $0.14. It is a good idea for the Panamanian people to know that all goods that are exported will bring foreign exchange to the country. That foreign exchange is spread throughout the entire country.

Each balboa, each dollar, every $1,000 in products that are exported will benefit all Panamanians.

It is the nation's policy that once the Panamanian Government is back on track, it will proceed to the privatization of these enterprises. We have said it in the past and we will continue to say that our government will promote national development. The government will not be a unit of production. That is up to producers, who are part of private enterprise also. [end recording]

Torrijists Report Harassment, Persecution

PA1401233290 Panama City ACAN in Spanish 1353 GMT 14 Jan 90

[Text] Panama City, 14 Jan (ACAN-EFE)—The Democratic Revolutionary Party (PRD), the leading party in General Manuel Antonio Noriega's regime, which was ousted by the U.S. invasion, has issued an appeal to the "invading troops" and the new power installed in the country, urging them to cease "harassment and persecution" against its leaders.

The PRD's Torrijist Youth, which identify themselves with the thoughts and deeds of the late Panamanian revolution's leader, General Omar Torrijos, also demand in a communique the release of "hundreds of political prisoners," to seek "national reconciliation and reconstruction in an atmosphere of peace."

"We issue an appeal to human rights organizations so they may act as mediators with their governments to end the repression and the U.S. occupation in our country," the PRD youth's communique emphasizes.

Following the U.S. intervention on 20 December, the U.S. troops arrested approximately 5,000 Panamanians, but most of them were released within 24 hours after being interrogated.

Also, on Friday 12 January, the U.S. Army turned over to the new Panamanian authorities 174 of the 420 military officers and civilians linked to the previous regime who were under arrest at U.S. military bases, it was reported by Government and Justice Minister Ricardo Arias Calderon.

Demonstrators Stone Envoy's Residence in Panama

FL1801124290 Havana Tele-Rebelde Network in Spanish 1200 GMT 18 Jan 90

[Text] The pressure against diplomatic headquarters continued in Panama when U.S. troops increased their presence yesterday afternoon around the residence of the Peruvian ambassador and a group of demonstrators threw stones at the Cuban ambassador's residence. Several windows and tiles in the Cuban ambassador's house were broken.

A U.S. Southern Command spokesman said that the U.S. Army has 400 Panamanian prisoners in its custody. The spokesman said that the prisoners are in the hands of the invaders because of a shortage of adequate installations in Panama to shelter the detainees. The majority of the military prisoners are in Fort Clayton.

Media Director Discusses Radio Nacional, Laws

PA1301001290 Panama City Circuito RPC Radio in Spanish 1200 GMT 11 Jan 90

[Text] Media Director Edwin Cabrera has said that it is up to the Cabinet Council to determine the fate of Radio Nacional. Cabrera, who also pointed out the need to revise newspaper laws, said this about Radio Nacional:

[Begin recording] [Cabrera] The Cabinet Council will decide whether Radio Nacional will continue to exist and what will happen to the radio station's personnel. All of the stations affiliated to Radio Nacional in the country's interior, however, have continued to operate normally. Only Radio Nacional in Panama City is not operating.

[Reporter] Has the media directorate given new instructions and a new orientation on journalism and public relations?

[Cabrera] Particularly the latter. We have given a new orientation to these activities. On instructions from the minister, we have started an assessment and overall revision of the media legislation. Because we now have a democratic government, this revision will cover all sectors that have to do with the media, such as the media faculties of both universities, reporters associations, public relations unions, and media owners. We have found that all existing laws had been drafted by a dictatorial regime. We are now living in a democracy, which will rule in all sectors, including the media. [end recording]

Newspaper EXTRA 'Closed for Time Being'

PA1601182390 Panama City Radio KW Continente in Spanish 1200 GMT 15 Jan 90

[Interview with Cristobal Sarmiento, chief editor of the closed newspaper EXTRA, by Roberto Cubilla in Panama on 14 January—recorded]

[Text] [Cubilla] Journalist Cristobal Sarmiento, chief editor of the closed newspaper EXTRA, has said the possibility of reopening the newspaper has not been considered because of economic and other reasons.

Sarmiento, who is currently working as chief editor of the newspaper EL PANAMA AMERICA, gave us details on the property damage experienced by the newspaper EXTRA's facilities after it was closed by the previous regime.

[Sarmiento] I would first tell you that the newspaper EXTRA is closed for the time being. We have entered the newspaper's facilities and found that everything had been destroyed. Nothing there can be used. The owners reached the conclusion that it was better to leave the situation of the newspaper as is. Perhaps the newspaper will be reopened in the future. It is regrettable that we had to lose such a forceful and dear newspaper.

I was very sorry when I entered the newspaper facilities and saw the destruction and desolation in which the EXTRA facilities were left. Those gentlemen destroyed the facilities with cruelty. They destroyed tables and chairs. They took the air conditioners off the walls and, as a result, the rain entered the facilities. The facilities are really a horror. I believe this should be a lesson for the future. Newspapers should never be treated in that manner. We never, never knew the reason why the newspaper EXTRA was closed.

[Cubilla] What is the specific property damage inflicted on the newspaper facilities?

[Sarmiento] All the machines used to print the newspaper, including computers, were stolen. Everything was stolen. As a result, the owners decided not to reopen the newspaper for the time being. In addition, we know that EXTRA personnel are working for the newspapers CRITICA LIBRE and EL PANAMA AMERICA. I am the chief editor of the newspaper EL PANAMA AMERICA again after 21 years elsewhere. I was the chief editor of EL PANAMA AMERICA in 1968 when the newspaper was taken from the Arias family.

[Cubilla] Mr. Sarmiento, what is the estimated property damage to the EXTRA facilities?

[Sarmiento] I cannot give you any figures now. A commission will go to the newspaper facilities on 15 January to get the few things that are left and to clean the building and assess what can we do in the future.

[Cubilla] You said the newspaper will be closed for the time being. When do you expect the newspaper EXTRA to be reopened?

[Sarmiento] We would have to discuss that with the newspaper's shareholders. They said they are interested in publishing the newspaper, but they have not reached any conclusions yet.

Noriega Ordered Block of Radio Impacto Frequency

PA1801142190 Panama City EL PANAMA AMERICA in Spanish 15 Jan 90 p 8A

[Text] Hours before being overthrown by the U.S. intervention, General Manuel Antonio Noriega ordered a change in Chiriqui Province's Radio Mia frequency to block the signal of Costa Rica's Radio Impacto.

This information was revealed in a note sent by Luis del Cid, former commander of the Fifth Military Zone, to Gen. Noriega explaining the details of a "national plan against the disinformation being broadcast from Costa Rica."

In his note, Del Cid asked Noriega to intervene so the Government and Justice Ministry would order the assignment of Radio Mia's 540 khz frequency to Radio Verbo, a radio station owned by the former commander in chief of the Panama Defense Forces.

Radio Mia would be assigned the new frequency of 980 Khz to block Radio Impacto's signal received in Chiriqui.

This plan, according to former Col Del Cid's note, also included setting in motion the "Ecos del Baru" radio station plan drafted by "journalist Arnoldo Candanedo."

According to the documents obtained by "PANAMA AMERICA", Noriega instructed FDP Communications Director Capt. John Pimento to negotiate these changes with the Government and Justice Ministry.

Institute Puts Military, Civilian Toll at 516

PA1401233890 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Jan pp 1A, 6A

[Text] During the U.S. invasion of Panama, approximately 516 persons were killed—202 civilians and 314 soldiers—according to an identification report by the Panamanian Legal Medicine Institute and the U.S. Southern Command. Institute Director Dr. Roger Montero said during a news conference held at the Government and Justice Ministry that this figure is the result of forensic work carried out throughout the country.

Montero did not describe the causes of death, but told the press that all the remains had been buried after a file had been prepared with that information. The doctor explained that 202 civilians—two Dignity Battalions—and 314 soldiers had been killed, but noted this last figure could be lower. He said that the procedures to identify the bodies were based on clinical and field work. Montero added that the reports were made with the help of representatives from Caritas [the Catholic Church relief agency], the U.S. Southern Command, and human rights groups. Montero told the press that such things as photographs, personal characteristics, and even the certification of relatives were employed to identify the corpses. When asked how many civilians were killed by the bombing of the Central Garrison in El Chorrillo, which affected the neighboring blocks, Monteros said that approximately 20 were killed. He added that most of the corpses came from Panama City, Colon, and Chorrera; while one came from Chep. He did not name other regions, but explained that many corpses were received from the Howard and Albrook Air Force Bases.

People's Board Demands U.S. Troop Withdrawal

PA1301001090 Paris AFP in Spanish 1922 GMT 11 Jan 90

[Text] Panama City, 11 Jan (AFP)—The Panamanian People's Human Rights Coordinating Board (COPODEHUPA) demanded today the immediate withdrawal of the U.S. troops that invaded the nation on 20 December, and accused the Panamanian Government of being an "accomplice" in that military action, "which left an incalculable toll of dead, wounded, and destruction in the nation."

The COPODEHUPA, comprised of 25 popular, student, peasant, and Christian associations, said in a news conference that the U.S. military intervention in Panama "violated and unilaterally abolished the norms of international law."

According to the organization, the U.S. Southern Command conceals the truth about the number of dead, arrested, and missing people during the invasion by providing figures that are false.

"While the U.S. media talks of 5,000 to 7,000 dead, particularly among the defenseless civilian population, the U.S. Southern Command reports a ridiculous figure of approximately 500 dead, not even providing their identity."

The COPODEHUPA also demanded that the Panamanian Government negotiate with the United States for compensation for all the damages and human losses caused during the U.S. military occupation.

Column Warns of Danger If U.S. Leaves

PA1801021490 Panama City LA PRENSA in Spanish 16 Jan 90 p 10A

[From the "Counterpoint" column by Jose Maria Herrera G.: "Let Us Give People Action, Not Words"]

[Text] On 20 December at 1:15 in the morning we heard the first explosion, the very shout of liberty, justice, and democracy for which the Panamanian people had fought for 21 years. In that same hour, the tyrant Noriega and his henchmen, who for years and years had taken away all the economic wealth belonging exclusively to the Panamanian people, fell from power.

As we understand it, the first mission of the government headed by Guillermo Endara, Ricardo Arias Calderon, and Guillermo Ford should be to consolidate itself by establishing the legislative, judicial, and executive branches as established in our Constitution. They should immediately devote their efforts to setting up a security force that would guarantee the lives of Panamanians and foreigners and take care of the honor and property of all citizens.

This is an overwhelming task, because during the past 21 years corporals and junior officers, as well as high-ranking officers, had become used to an easy life, a life of great wealth, grand palaces, and mansions—which they had never dreamed of having with salaries of 250, 500, 800, 1,000, and 1,500 balboas.

The leaders of the new Public Force should be the subject of a thorough study by psychologists to make sure that in the future we will not have a situation like that in the Philippines, where every 6 months President Aquino has big headaches.

We want to warn the new government that it should not listen to those who, without taking into consideration the great danger that lies ahead, are shouting: The "gringos" should leave. Making such a decision should be the object of a thorough analysis, because not all weapons have been seized from the [Dignity] Battalions who spelled death, grief, and misfortune for thousands of Panamanians.

Once the storm is over, it would be wise for the current government to honor the promises it made—of seeking by all means and at all times the Panamanian people's happiness. That is very necessary for the stability of the new republic.

Israel Officially Recognizes Endara Government

PA1301003090 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jan 90 p 20

[Text] The Government of Israel has officially informed Panama, through the Foreign Ministry, that it recognizes the new Panamanian Government headed by His Excellency President Guillermo Endara Galimany and Dr. Julio Linares as the foreign minister.

The brother country wants to maintain and consolidate the current diplomatic relations to bring our ties of friendship and cooperation closer.

Former Peruvian Diplomat on Resignation

PA1401214990 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Jan p 10A

[Text] Mario Castro Arenas, former Peruvian ambassador to Panama, has said the position adopted by the Peruvian Government through the Peruvian Foreign Ministry corresponds to that of the minority. He noted that most of Peru's media favors formally recognizing the Endara government.

Castro Arenas explained that he was not dismissed from his position, but had resigned. "I publicly expressed my disagreement with the nonrecognition of the democratically elected government in May, prior to the U.S. military invasion."

Castro Arenas also stated that his resignation was a result of the use of libelous and slanderous language against Endara. This, added the former ambassador, goes not only against the president, but also against the Panamanian people Endara represents.

Castro Arenas left Panama on 26 December and returned on 6 January. He said the entrance of former Panama Defense Forces officers into the ambassador's residence took place during his absence and was carried out without his consent.

He explained that "there are lower-ranking officials who have taken charge at the Peruvian Embassy.

Castro Arenas, a diplomat and journalist, believes that this is the opportunity for Panamanians to overcome feelings of hate and to seek harmony among themselves.

Ex-Dominican General Negotiating Son's Release

PA1501164190 Panama City EL PANAMA AMERICA in Spanish 13 Jan 90 p 1

[Report by Juan Pritsiolas]

[Text] Retired Dominican Republic General Juan Rene Beauchamp is negotiating with Panamanian authorities so his son, who is the son-in-law of overthrown General Manuel Antonio Noriega, Jean Beauchamp, can leave the Cuban Embassy where he had sought refuge and return to Santo Domingo.

Jean Beauchamp is married to Sandra Noriega, the oldest daughter of the former Panamanian strongman. For the past 20 days he, his son, his wife, his mother-in-law, Felicidad Sieiro, and his two sisters-in-law, have been inside the Cuban mission.

A member of the Dominican mission in Panama City has said if no charges are brought against the husband of Gen. Noriega's daughter and his family, they will "gladly" talk to the Panamanian authorities about the possibility of allowing them to live in Santo Domingo.

"Jean Beauchamp and his son are Dominican citizens and as citizens of our country, we have an obligation to them," the dipomat said.

It was also learned that Gen. Noriega's son-in-law is receiving legal advise from Jose Alberto Alvarez, president of the Movement for Unionization of Lawyers.

The Attorney General's Office has not received charges against Beauchamp; however, a charge for receiving and using things obtained by illegal means has been brought against his wife, Sandra Noriega.

Diaz Herrera Responds to Cruz' Statements

PA1201233890 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jan 90 p 1A

[Text] Colonel Roberto Diaz Herrera, retired, former Panama Defense Forces' general staff chief, said yesterday that "he is ready and willing to assist any judge in the country during this new era of justice and reconciliation."

Speaking by telephone to LA ESTRELLA DE PANAMA, the former Panamanian military figure said from Caracas, Venezuela, where he lives with his family, that he "would gladly go before any court in my country to support things that I have said and other things I have not wanted to say out of respect for Panama's reconstruction and peace."

Diaz Herrera responded to local press reports on statements by Attorney General Rogelio Cruz that he could be arrested upon his return to Panama.

"The Panamanians know how to tell who is who, especially since the nightmare," Diaz Herrera said in his brief statement to LA ESTRELLA DE PANAMA.

He added that no authority can frighten him, stressing that "the terrible former dictator Noriega had not done so."

He said that in Panama there is no Robespierre to manufacture guillotines without running the risk of being decapitated himself, and he stressed that it "is better to put away the swords and take out the hoes."

Referring to press reports, he said: "I believe that what my good old friend Attorney General Rogelio Cruz said has been twisted or misinterpreted by some reporter."

"If everyone who had supposedly broken the law is brought to trial during the Noriega regime, three-quarters of the Panamanian population would be in jail, including the new authorities," Diaz Herrera said.

Nation's Bishops Eliminate Military Chaplains

PA1401234290 Panama City PANORAMA CATOLICA in Spanish 14 Jan 90 p 1

[Text] A decision was made to eliminate all military chaplaincies and a summons to conversion, national reconciliation, and reconstruction was issued by the nation's bishops at an Episcopal Conference between 8 and 11 January.

Spiritual guidance for the Public Force will be provided, according to the bishops, through a new structure, which prompted it to be necessary to declare the groundlessness of the military chaplaincies of the former Defense Forces.

Besides the summons to conversion through a change of heart, and reconciliation and reconstruction through a united effort, with creativity, bravery, and generosity spurring an entire people to raise itself from its foundations, the bishops also made other points.

The bishops pointed out the lack of values that led to corruption and the recent vandalism and pillaging and the superficial sense of church displayed by many brothers in the faith. They summoned the media to serve the truth and offer objective information.

Canal Operations Reportedly Back To Normal

PA1201225190 Panama City Circuito RPC Radio in Spanish 1200 GMT 11 Jan 90

[Text] Traffic in the canal is now completely normal, a Panama Canal Commission spokesman has reported. The source said that over the past 3 days, only between 13 and 19 ships had to wait to cross the isthmus from the Atlantic to the Pacific and vice versa. He also said this is the normal average waiting period and number of ships.

The canal was closed for 30 consecutive hours when the U.S. military intervention started at midnight on 19 December. The waterway operated only by day until 4 January. More than 150 ships awaited their turn at the canal entrance. Since 4 January, however, an average of 40 ships each day have transited the canal, a figure slightly above the normal number. This has lowered the number of ships and the waiting period to normal levels.

Argentina

Cavallo on Relations With U.S., Great Britain

PY1901103890 Buenos Aires TELAM in Spanish 0831 GMT 19 Jan 90

[All quotation marks as received]

[Text] Buenos Aires, 19 Jan (TELAM) — Foreign Minister Domingo Cavallo has stated that "we do not believe military intervention is the right way to create a democratic atmosphere" in Latin American countries, but "we support the demands for complete democracy" in Nicaragua, Cuba, and Panama.

With respect to Argentina's position on U.S. intervention in Panama, Cavallo stressed that "our relations with the United States are very serious and very sincere. They understand our position." In this respect he emphasized that "we believe the dialogue between the United States and Latin American countries is very positive." Notwithstanding, Cavallo stated that "U.S. military presence could mean a backward step in the dialogue."

Asked about the achievements that have been obtained in the negotiations with Great Britain, the minister stated that we have "practically reestablished all relations in the fields of trade, finance, and transport." Adding that "the United Kingdom has lifted the restrictions imposed on Argentine merchant vessels and civilian planes which can now circulate in the so-called exclusion zone" that surrounds the Malvinas Islands, and "what the British call the internal zone for the preservation of fish has been reduced."

In an interview with the morning newspaper EL CRONISTA COMERCIAL," Cavallo commented on the government's economic plan saying that "we are working with the rules [words indistinct] that have helped West European, Southeast Asian, North American, and some of our neighboring countries to succeed. We now have a great chance in that the stability process will be consolidated."

Regarding the recession that is supposed to follow as a consequence of the new economic measures, the minister said "hyperinflation brings intense recession. We have been experiencing hyperinflation practically since May 1989. "The overcoming of hyperinflation and the implementation of conditions of stability will not increase recession, on the contrary they will create the conditions for a lengthy reactivation."

New Antidrug Division To Begin Activities

PY1801173090 Buenos Aires TELAM in Spanish 1033 GMT 18 Jan 90

[Text] Buenos Aires, 18 Jan (TELAM) — The Division for the Repression and Prevention of Drug Trafficking and Drug Dependency [Division de Represion y Prevencion del Narcotrafico y Drogadependencia] will begin its activities today, seeking to exercise a higher level of control of the 15 southern districts of greater Buenos Aires that are in the jurisdiction of the Buenos Aires Provincial Police.

Vice President Eduardo Duhalde, Governor of Buenos Aires Province Antonio Cafiero, and Alberto Lestelle, the head of the Fight Against Drug Addiction Commission, will preside over the ceremony to be held tonight at 2000.

The ceremony will take place at the Division's headquarters, on the corner of 14th and 138th Streets, in the town of Berazategui.

According to Inspector Edgardo Mastandera, the Division's chief, the unit will principally fight against the increase in the sale of drugs. For this it will have 100 agents in mobile units and modern radio communication equipment.

The new division will have jurisdiction over Berazategui, Esteban Echeverria, Canuelas, Avellaneda, Quilmes, San Vicente, Almirante Brown, Lanus, Lomas de Zamora, Florencio Varela, La Plata, Berisso, Ensenada, Magdalena, and Brandsen Districts, which represents a population of more than 2 million inhabitants.

Government Gives Salary Increase to Armed Forces

PY1801140090 Buenos Aires LA PRENSA in Spanish 17 Jan 90 p 5

[Excerpt] The government has granted a salary increase to Armed Forces military personnel. The salary increase is retroactive to 1 January and will afford Armed Forces personnel "an income commensurate with the current economic situation."

Under the new scale, which is established through government decree No. 110/90, a lieutenant general earns 639,000 australes while a second-rank volunteer—the lowest rank in the military echelon—earns 75,500 australes.

The decree establishes that "as of 1 January, all the personal bonuses that were in force on 31 December will be increased by the same percentage as the monthly salary."

The decree also establishes that as of 1 January the salaries of the Armed Forces and security forces military personnel "will be increased in the same percentage as that established for national executive branch personnel encompassed in collective bargaining agreements."

It is also established that in April, July, and October 1990 "the evolution of salaries of military personnel will be studied. They will be adjusted according to the percentages established under these studies and the salary policy established for military and security personnel under the Defense Ministry." [passage omitted]

Japanese To Invest $1 Billion Over 5 Years

PY1901002090 Buenos Aires BUENOS AIRES HERALD in English 18 Jan 90 p 1

[Text] Argentine Ambassador to Japan Juan Labake announced yesterday that Japanese firms will invest one billion dollars over a five-year period in various sectors of Argentine production.

He said the agreement on the complementary economic and financial aid program with Hayama group would be signed early in March with the Kruger International Investment Society SA.

The representatives of both groups and the Argentine delegation in Japan yesterday signed a first communique setting out the steps for the investment project to be signed in March.

Labake made the announcement in a telephone conversation from Tokyo with a local news agency and said both groups will hold a series of meetings to exchange technical and economic information so they can become fully aware of the scope of the program.

He said that the Hayama group would send a mission to Argentina in March to study the feasibility of the investments and would then sign the definite contract with the Kruger group.

The Hayama group would invest 200 million dollars per year in Argentina over the five-year period, Labake said.

He said both groups were agreed that of the first 200 million would be used for investment projects in the provinces. [sentence as published]

Santa Fe and Chaco would each benefit from 25 million dollars while Catamarca and La Rioja would have 50 million dollars and the remainder would be invested in Salta, Neuquen, Misiones, San Juan, Santa Cruz, Tierra del Fuego, Chubut, Jujuy and Mendoza.

According to the communique signed by the head of the Hayama, the investments will be made mainly in the timber, dairy, and meatpacking industries as well as in the petrochemical, mining, and industrial farming industries.

Labake also said that Hayama group would help Argentina in obtaining a loan of 200 million dollars, payable over 10 years at preferential interest rates.

Bolivia

National Congress Declaration on Panama Invasion

PY1801204790 La Paz EL DIARIO in Spanish 9 Jan 90 p 1, 4

[All quotation marks as published]

[Text] The National Congress yesterday condemned the U.S. military invasion of the Republic of Panama by which the United States violated the UN and OAS Charters as well as the Inter-American Reciprocal Assistance Treaty [TIAR].

Following debate of the events that took place in Panama, during a session chaired by Vice President Luis Ossio Sanjines, the congressmen unanimously approved the following declaration:

"In face of the events that took place in the Republic of Panama, the Honorable National Congress presents the following draft declaration to the Latin American Parliament:

1. It is hereby reiterated that the principles of freedom, independence, sovereignty, and the self-determination of peoples are the basis of the international relations between states; therefore, any violation of these principles jeopardizes peace and coexistence among nations; it is an attack on democratic rights and imposes unacceptable procedures in a world of peaceful interdependence.

In this regard the UN Charter says in Article 2, Clause 4:

"All members shall refrain in their international relations from the threat or the use of force against the territorial integrity or political independence of any state, or in any manner inconsistent with the Purposes of the United Nations."

Also Article 52 of the UN Charter says that regional organizations are authorized to safeguard peace in the region; therefore, the OAS can use coercive measures against any state that uses force against another state as established by Article 53.

The U.S. invasion of Panama violates the principles of the U.S. Declaration of Independence which says that Great Britain "plundered our seas, ravaged our coasts, burnt our towns, and destroyed the lives of our people."

The U.S. attack on Panama violates the OAS Charter, which says in Article 3:

"a. International law is the rule of conduct of the states in their mutual relations.

"b. Institutional order is basically established by respect for the personality, sovereignty, and independence of states, and by the faithful fulfillment of obligations resulting from treaties, and other international agreements.

"c. The American states condemn aggression against other American states.

"d. Aggression against any American state becomes an aggression against all other American states."

The U.S. Government also violated the following articles of the OAS Charter:

"Article 14. The right a state has to protect and develop its existence does not give it authority to carry out unjust acts against another state.

"Article 18. No state or group of states has the right to intervene, directly or indirectly for whatever reason, in the internal or external affairs of another state. The above principle excludes not only armed force but also any other form of interference against the personality of the state, and its political, economic, and cultural elements."

"Article 19. No state will enforce or stimulate coercive measures of an economic and political nature to break the sovereign will of another state to gain advantages of any kind from it.

"Article 20. The territory of a state is inviolable, it cannot be subjet to military occupation or to any other measure of force taken by another state, directly or indirectly, for whatever reason, and even when it is temporary. The territorial purchase or special advantages obtained by force or any other coercive action will not be recognized."

2. Through that intervention, the U.S. Government, which professes faithful and strict compliance with the treaties, has violated the UN and OAS Charters, the Inter-American Reciprocal Assistance Treaty of 1947 [TIAR], the Agreement on Rights and Duties of States approved by the Seventh International Conference held in Montevideo in 1933, and the Additional Relative Protocol of Nonintervention approved in the 1936 Inter-American Conference. Furthermore, by detaining the Cuban ambassador to Panama, raiding the residence of the Nicaraguan ambassador to Panama, and by harassing the residence of the Nunciature, the United States also violated the convention relating to diplomatic officials adopted during the Sixth American International Conference signed in Havana in 1928 and the Vienna Convention on diplomatic relations approved in 1961.

Therefore, the Honorable Bolivian National Congress proposes to the Latin American Parliament the following declaration:

First: To condemn the U.S. Government decision to invade Panama and to use force to impose its will. This action violates Articles 1, 2, 3, 4, 25, and 33 of tre UN Charter; Articles 3, 10, 11, 14, 18, 19, and 20 of the OAS Charter; and Articles 1, 2, 3, and 9 of the Inter-American Reciprocal Assistence Treaty.

Second: To call on the Latin American governments to abide by the UN and OAS Charters and TIAR, to demand that the United States withdraw its forces from Panamanian territory and pay for the damage to people and property caused by the unjustified military aggression.

Third: The presence of foreign armed forces on Panamanian territory affects the sovereignty of that state. In case there is an alleged need for forces to protect the maritime traffic of the Panama Canal, action must be taken in accordance with the UN Charter to provide the protection force under that organization.

Fourth: The Latin American Parliament, which respects the democratic principles in the constitution of public powers, demands from the international community in accordance with the UN Charter a call for general elections in Panama as soon as possible, respecting pluralism and guaranteeing complete freedom to the Panamanian people.

Fifth: To call for the Latin American governments not to recognize the regime imposed by the forces that invaded the Republic of Panama and for them to recognize a constitutional government elected in the future.

Sixth: To express its full identification with the demand for faithful compliance with the canal agreements signed by Presidents Torrijos and Carter.

Seventh: To repudiate the fact that, without the authorization of the Colombian Government, U.S. Naval and Air Forces carried out aggressive flights over Colombian territorial waters.

Eighth: To forward this declaration for the U.S. Congress, the UN Security Council, the OAS General Secretariat, and the World Interparliamentary Union.

[Signed] Executive Board of the Honorable National Congress.

Senator Denounces U.S. 'Hegemony' on Drug Issue

PY1801151290 La Paz PRESENCIA in Spanish 11 Jan 90 p 5

[Text] Senator Daniel Cabezas has said that the United States seeks to expand its political and military hegemony under the pretext of the struggle against drug trafficking.

Cabezas, who has been appointed Bolivian ambassador to the Vatican, said President Jaime Paz Zamora, Colombian President Virgilio Barco, and Peruvian President Alan Garcia, beyond the pressures imposed upon them as presidents and as persons, should seek ways to coordinate actions with Latin American countries and with the EEC "because this economic-political group might help to balance the relationship of power with the U.S. hegemonic attitude."

The Inter-American Reciprocal Assistance Treaty (TIAR) and the OAS are instrumentals toward which the United States showed interest in the past. Since the Malvinas war, these two organizations have lost their importance for the United States, therefore they can be made to submit by the right of force, by U.S. decisions, and by the Anglo-Saxon race at any time.

According to Cabezas, Bolivia and the Southern Cone are facing a serious situation in the fight against drugs. He cited an example: We are controlling our air space and our borders; and we are coordinating our police actions and interdiction with the countries of the region, of Latin America, and of the world. The United States, on the other hand, has taken the contradictory position of taking advantage of the antidrug struggle to expand its hegemonic interests.

Government Unable To Eradicate Coca Quota

PY1801171690 Madrid EFE in Spanish 0720 GMT 18 Jan 90

[Text] La Paz, 18 Jan (EFE)—On 17 January the Bolivian Government admitted that it will not be able to meet the objective of eliminating the 6,000 hectares of coca leaves which it is expected to eradicate in 1990.

Alternative Development Under Secretary Osvaldo Antezana said that in light of this situation the reduction of coca production, which is provided for by the Law of Special Regulations for Coca and Controlled Substances, will be reviewed.

Bolivia is the world's second largest producer of coca leaves after Peru. Coca leaf is the raw material which is used for cocaine processing. Most of the cocaine is refined in Colombian laboratories.

Antezada said that the ambitious goals and even the weather, particularly the heavy rains that hit the coca farms between December and February, have prevented any eradication of coca farms.

He added "distortions within the elimination programs" should be avoided because they have negative effects on the cooperation granted by foreign government for the implementation of the alternative rural development programs.

Antezana said that if conditions are favorable, 3,000 to 3,500 hectares of coca farm will be eradicated this year.

In 1989 the (?Paz) administration planned to eradicate 5,000 hectares of coca leaves, of which approximately 2,500 hectares were eradicated.

Some 155,000 metric tons of coca leaves are produced in Bolivia each year. According to official reports, more than 80 percent of that amount is used for cocaine paste production.

Air Traffic Control To Check Drug Trafficking

PY1801123490 Madrid EFE in Spanish 2345 GMT 17 Jan 90

[Text] La Paz, 17 Jan (EFE)—Bolivian officials today made it obligatory for all air taxis to submit a flight plan and to identify their passengers. This measure seeks to help in the fight against drug trafficking.

The official announcement was made by Aeronautics Minister Luis Gonzalez Quintanilla who said that security in air operations and better control of airports is sought.

Quintanilla added that there are 700 airfields for small airplanes in Bolivia and that some of the fields are used to take cocaine base and cocaine hydrochloride out of the country.

Bolivia is second only to Peru as the largest producer of coca, which is used to make cocaine. The processing of cocaine is mostly handled in laboratories in Colombia.

Gonzalez said it is impossible for officials to control all the air fields in the country because there are not enough available resources.

Bolivia only has one radar installation, and that is at the El Alto International Airport. It is used for civil aviation. Officials said that one radar installation is not enough to watch an airspace of more than 1 million square kilometers.

The Bolivian Government agreed with the U.S. plan, announced this month, to install radar in Bolivia, Peru, and Colombia to watch planes allegedly involved in drug trafficking.

La Paz officials have indicated that the radar should be operated by Bolivian citizens.

Brazil

* Personality of President-Elect Collor Observed

90ET0080A Sao Paulo VEJA in Portuguese 24 Dec 89 pp 74-83

[Article: "The Day of the Hunter"]

[Text] At age 40, the 41st president of the Republic of Brazil is both the youngest in the country's history and the one least expected to win. A year ago, when Fernando Collor de Mello first expressed his intention to run for the presidency, Deputy Ulysses Guimaraes dispatched an emissary, former Minister Raphael de Almeida Magalhaes, to Alagoas to inform Collor that he would have to temper his ambitions—the best post available in the PMDB [Brazilian Democratic Movement Party], Ulysses' envoy told him, was the vice presidential spot. Then, in early 1989, Fernando Collor de Mello himself had also become convinced that he really should be the vice presidential candidate—but by that time they wouldn't even let him have that. He went to Brasilia to negotiate a membership in the PSDB [Brazilian Social Democracy Party], the only condition being that he be guaranteed the position of Mario Covas' running mate. The trip was a waste of time. Although invited to discuss the matter, Mario Covas didn't make time in his schedule to hear what the governor of Alagoas had to tell him.

The result of those blunders is pretty well known. The PMDB candidate who offered Collor de Mello the vice presidential spot on his slate fell apart in the first round of the election; with a little more than 4.4 percent of the votes, he ended up in seventh place. The PSDB candidate who didn't even want to discuss the matter finished in fourth place on that now distant 15 November, with 10 percent of the votes. On 17 December 1989, Fernando Collor de Mello won the second round of the presidential election and became the most vital phenomenon ever produced by an election in Brazil. Ill-used by the PMDB and scorned by the PSDB, he eventually affiliated with the PRN [National Reconstruction Party], a ghost party that had only one deputy in the federal legislature as of April 1989. Treated early in 1989 by the majority of the illustrious surnames of southern Brazil as a candidate doomed to lose, Collor de Mello even had to cancel dinners for lack of guests interested in attending—while still the governor who hunted rajahs [excessively privileged public servants] with an eye to the presidential campaign—and was kept standing during a quick conversation with the owner of one of the most important industrial complexes of Sao Paulo, who hardly disguised his impatience.

During 10 months of campaigning, the media, the Brasilia politicians, and university professors from all over Brazil had a lot to say about Collor de Mello. When he moved ahead of Leonel Brizola in the polls, they said he was a transitory phenomenon—destined to crash and burn within a few weeks. After he had consolidated his lead, the tone of the predictions changed—Collor would fall flat because his ideas were neither consistent nor on the same wavelength as the minds of the majority of the electorate. Another prediction was born at the start of the period of free political air time on radio and television—accusations by his opponents would make mincemeat of the PRN candidate. Finally—this time in the second round—they swore that he wouldn't get through that phase, that he would be massacred in the debates with Luis Inacio Lula da Silva. When the votes were counted up last week, we found that Fernando Collor de Mello hadn't crashed and burned, that his ideas seemed to most voters to be the most consistent—and that if any mincemeat had been made the ingredients consisted of the great majority of Brazilian politicians and political parties. Fernando Collor had the last laugh.

Collor reaches this zenith of his existence after having spent most of his life far from this country's key centers of economic decisionmaking and outside the VIP lounge of traditional politics. Married to his second wife, businesswoman Rosane, 25, and the father of two sons from his first marriage, to Lilibeth Monteiro de Carvalho, politician Fernando Collor de Mello demonstrated during the presidential campaign that he is a candidate who adores crowds. Two weeks ago during a rally in Macae, 188 km from Rio de Janeiro, Collor plunged into the midst of the multitude and went home without his Swiss watch, a Breitling model taken off his left wrist while he was greeting a group of voters—but he wasn't terribly concerned about it. Private citizen Fernando Collor de Mello is a different man, however. He doesn't like to attend parties with long guest lists, detests being greeted with the traditional "abraco," or embrace, and prefers small receptions where people talk in low voices and he can appreciate his favorite drink—whiskey. His favorite brand is Logan. While politician Collor doesn't mind being addressed with the familiar Portuguese form of "you," private citizen Collor hates false intimacy. On one occasion during the campaign, Daniel Tourinho, president of the PRN, got a tongue-lashing in front of more than 30 mayors after he called the president "Nando," a diminutive normally used only by his relatives and very closest friends. "What did you call me?" asked Collor. "I called you Nando, as a token of affection," Tourinho answered, before the astonished eyes of those in attendance. Collor didn't mince words. "I can do without your tokens of affection," he said. "Call me governor or, if you think you're such a close friend, you can call me Fernando," he concluded.

Fourth in a family of five children, Fernando Collor was one of those teenagers who have more friends on the block than at home, who don't talk much at the dinner table, and whose relationship with their parents is distant. Until his father the senator died, Collor always greeted him by kissing his hand. His contacts with his mother, Dona Leda, are still fairly formal. With his frankness, which can become rudeness under certain circumstances, Collor de Mello doesn't have much trouble saying what he thinks. It's much more complicated, however, to figure out what he feels. At 14, for example, Collor lived through one of the most traumatic experiences to which a boy of his age could be subjected—seeing his own father jailed for having fatally shot a fellow senator. In December 1963, Senator Arnon de Mello was giving a speech in the Senate when he was insulted by an adversary, Senator Pericles Silvestre de Gois Monteiro, also from Alagoas. Arnon pulled out his gun and fired twice. His aim was poor and another senator, Jose Kairalla from Acre, fell mortally wounded. Arnon de Mello was imprisoned for some months, but was eventually declared innocent and released. Even so, the incident made headlines in all the papers. Even today, however, not even his family asks Collor about the episode. "For him, that subject is off limits," said his oldest brother Leopoldo Collor de Mello, a publicist who served as one of the top men in the campaign. When his father died in 1983, Collor didn't cry. At the seventh-day Mass he simply squeezed the hands of his brothers and sisters and said nothing.

The new president has an explosive temper and his behavior is so unpredictable that he even posed for a photograph in front of Planalto Palace with his pockets turned inside out, just to taunt Sarney. Tense and impatient, Collor is one of those politicians who employ a psychological tactic that a good part of the electorate appreciates—pounding on the table. In that area, his resume contains many colorful examples of this. In January 1988, while meeting with 12 other governors in Montes Claros in northern Minas Gerais State, Collor had a misunderstanding with Fernando Cesar Mesquita, then governor of the territory of Fernando de Noronha. After some sharp exchanges, Collor pounded the table so hard that he caused a minor ceremonial disaster. A glass that was in front of him toppled over and its entire contents ended up on the suit of the person sitting next to him, Rio Grande do Norte Governor Geraldo Mello. On another occasion, an even stranger scene occurred. Early this year, the president was being interviewed by Ferreira Netto, a reporter from TV Record in Sao Paulo when, carried away with enthusiasm in one of his answers, he struck the table hard to emphasize the firmness of his convictions. By coincidence, a technical failure occurred at that exact instant and took the station off the air for 15 seconds.

Collor is one of those people who, although born into a prosperous family, has a history of always insisting on fighting to score his own successes. Owner of 29 real estate properties and six cars, plus an interest in TV Gazeta in Maceio—which retransmits Globo network programming—as well as a newspaper, and three radio stations, he is assured by inheritance of the right to serve as superintendent of the group of firms known as Arnon de Mello Organizations. It was also through inheritance that a career in Alagoas regional politics was reserved for him. He became the "bionic" [appointed by the military regime] mayor of Maceio in 1979, thanks to a summit agreement between state political bosses and his father. In 1982 he won a federal deputy's chair for the PDS [Social Democratic Party] because of the clout of his surname, and was elected governor of the state on the PMDB slate with the help of the Cruzado Plan and the usual alliances.

In his career, however, the simple decision to run for president of Brazil marked a break with anything his father could have left him and symbolized his determination to carry through with a much more grandiose design. Collor entered the race like someone who decides to put an extra-special shine on his personal adventure. Aware that nothing very bad would happen to him if everything went wrong and the candidacy crashed and burned months after being announced, a lot of his friends believed at first that it was all just a lark. "Some of his friends used to swear that it was all just another rich boy's joke," said his advisor Claudio Humberto Rosa e Silva.

Collor has a respectable library of more than 30,000 volumes at his disposal at another of his family's properties, across from his own house in the Lago Norte neighborhood of Brasilia. Collor loves to breathe that atmosphere, especially in the company of photographers and cinematographers—the fact is, however, that there is nothing intellectual about him. In normal times, Collor reads a maximum of five books a year from beginning to end. He might consult another 40 works for answers to questions on matters of immediate interest, such as economics and politics. His academic career was a disaster. At Colegio Sao Jose, where he spent some of his middle school years, he ranked first in his class. His high school classmates, however, remember him more for his active nightlife than for his presence in the classroom. At the University of Brasilia, which he entered in 1969 to study economics, he failed even such ordinary subjects as Introduction to Economics. Twice he missed being advanced to the next year in his major field, macroeconomics and came close to flunking out. In 1972, thanks to a transfer to the Federal University of Alagoas, he managed to graduate and receive his bachelor's degree.

In his youth, Collor gained the reputation in Brasilia of being a Don Juan—a title which might at first come as a surprise. Despite being in good physical shape and good-looking, Collor has an aquiline nose as thin and pointed as a bird's beak. His legs are so badly bowed that his nickname at school was "Pliers." Now he tries to conceal the flaw by wearing very wide trousers. His hands are large and his feet enormous; he is 1.89 meters tall and wears size 43 and ½ shoes. In his bachelor days, the new president dated daughters of top-level bureaucrats in the federal capital city and even had a whirlwind romance with Vera Fischer [former Miss Brazil, now a TV star] during a film festival. He got married for the first time in 1975 when he was 26. His bride was Lilibeth de Carvalho, mother of his two sons—Arnon Affonso or "Nanon," 13, and Joaquim Pedro, or "Pepe," 11. The couple separated in 1981 and he married Rosane 3 years later. Between the two marriages, he dated Maria Lucia Dahl.

One of the most widely known events of that era occurred in August 1968 when Collor did something that was normal for a young man of 19 but which he regretted by age 40 when his opponents made use of it during the free radio and TV air time. Invited by then First Lady Yolanda Costa e Silva, wife of President Arthur da Costa e Silva, Collor modeled in a fashion show of clothing from French designer Pierre Cardin. After the show, Cardin gave him an autographed silk handkerchief on which he had written his Paris address.

Since he went to live in Brasilia in December 1966, Collor has won prestige in yet another area—the reputation of a belligerent person. Holder of a black belt in karate, he has racked up some memorable experiences in that city. At one point, in order to break up a fight between two friends, Collor knocked one of them out with a kick in the ribs. Another melee took place at the Hotel Eron, one of Brasilia's 5-star establishments. One night, a hotel guard refused to allow a female friend of Collor to visit the suite where he was staying. It was late and, under hotel rules at that time, only guests were allowed to go up to the rooms after 2300 hours. Advised by telephone of the feminine presence in the hotel lobby, Collor came down and tried to talk the manager into changing his mind. According to the report by a politician who was staying at the same hotel, as soon as he figured out that he wasn't getting anywhere, Collor became abusive and foul-mouthed with the manager. One of the hotel guards went to calm him down, but was hit so hard that he was hurled against a plate-glass window. The fight continued, however. Result: One guard lost consciousness for several moments, the other was wounded and had blood all over his shirt, but Collor, like the good guy in a western movie, was practically unscathed.

Truculent, Collor is also one of those people who has as much sense of humor as a stone. He has absolutely no talent for telling jokes, and his willingness to laugh at the anecdotes of others goes no further than a polite smile. There is something undeniable in his personality, however, and it's that gift called charisma—the ability to captivate the people around him. Prior to holding any long conversations with him, Ceara Governor Tasso Jereissati, for example, termed the president an awkward ham actor. "His gestures are demagogic, just for show," he told his friends. Some time later, after he had sat down at the table to discuss backing Collor's candidacy—still in the first round—Jereissati came away very much impressed. Although he did not abandon his initial first-round preference for Mario Covas, he spent several months consulting the stars to find out whether it might be worthwhile to switch candidates. Of course, in the second round Jereissati was one of the first to become a Collor supporter. "There is a seriousness in the way he speaks and he inspires trust," said Deputy Alceni Guerra of Parana. When he expounds on a subject, Collor gives the impression of having years of experience in the field. Able to speak at length about his plans for governing without becoming monotonous, he has enough of a notion of numbers and statistics to back up his arguments, and he manages to defend very simple ideas without resorting to hackneyed phrases or vulgar caricatures.

Brazilian politics has sanctioned two well known methods for getting rid of an aide who becomes a problem. One of them, known as "frying," was made popular by President Jose Sarney when he dismissed Dilson Funaro as treasury minister. Under this method, the president often prefers to have the firing done by the head of the SNI [National Service for Intelligence], who convinces the unfortunate official to avoid embarrassing the head of government by signing his own letter of resignation. The other method—the quick way—calls for an immediate signing of a dismissal order. In just 6 weeks of campaigning, Collor got rid of two chiefs of radio and TV advertising—certainly some sort of record.

As governor of Alagoas, he didn't worry about sparking a family crisis if his prestige was at stake. After Laercio Brandao Malta, president of the state electric power company, was accused of involvement in the murder of an alderman in the Alagoan backlands, he was fired in February 1988 with a quick stroke of the governor's pen. Malta happens to be Collor's wife's uncle. As zealous of his public image as he is of his personal appearance, Collor doesn't like to wear the same suit too many times—he has bought an average of 15 suits a year since 1979. Nearsighted, he once wore rounded spectacles of the same model as Beatle John Lennon used—now, he prefers contact lenses. When the first gray hairs appeared he was worried—but had a servant who knew how to dye them, one at a time, with tea. Today he has accepted his age and, although they are not very visible in photos, displays his gray hairs without embarrassment. Collor's vanity is legendary within his family. Relatives tell the story that once at the age of 4, walking along a street in Rio de Janeiro with an older cousin, Collor started bawling because he wasn't allowed to buy candy. Some girl approached to try to comfort him. "Don't cry, you're so cute," she is supposed to have said. Collor stopped crying to answer, in all seriousness, "And you haven't even seen me in my little white boots."

A Catholic who insists on taking his sons to Mass whenever he can, Collor is also quite concerned about forces of another sort, so-called "bad luck." Worried by rumors published in the newspapers and magazines noting a prediction by Minas Gerais seer Neila Alkmin that he would die on 28 September in some sort of criminal attack, Collor contracted the services of Ivo Carabajal, an "umbanda" [voodoo] authority from Rio de Janeiro, who traveled to Brasilia to advise him. Carabajal's first act was to order Collor to stay home on the 28th. Collor obeyed—even after Neila Alkmin herself made a point of refuting the prediction in the newspapers. His second act was to suggest that Collor cancel a motorcade in Maceio. Collor cancelled it. The most important thing Carabajal did was a project designed to protect the president. It involved a trip to Egypt, another to Luanda, Angola, and a third to Easter Island, in Chile. In addition to Carabajal, while on the campaign trail Collor consulted the medium Chico Xavier and seer Nilton Pinto of Salvador, Bahia.

Collor has some everyday superstitions, such as not walking under ladders, or avoiding black cats. He also has some more sophisticated ones, such as not taking a salt shaker from a friend's hand, but asking him to set it on the table, a procedure he believes can prevent the ending of a friendship. He also has some superstitions which he developed on his own. He lights up a cigar every time he sees a defeated politician—he thinks it is a good way to escape a similar fate—besides winning votes, obviously.

Mistrust is an essential aspect of the personality of the president-elect—to such an extent that during his campaign he even recruited employees to spy on his aides, check out information, and find out whether some members of the enemy rank and file might have infiltrated his election committees. Collor is also one of those bosses who sticks their noses into everything. When taping his programs for the second round, for example, he even read the testimonial that was to be given by actress Claudia Raia and corrected some grammatical errors. Before every statement during the free air time—almost all of which were read from the teleprompter, the machine that projects the text behind the camera so that the candidate appears to be speaking without notes—he read every text himself, cut out entire paragraphs, corrected inaccurate figures, and even made suggestions as to the best camera angle and lighting.

Collor got a lot of criticism during his term of office as governor of Alagoas. His former secretary calculates, for example, that Collor took off from the Maceio airport 90 times, just in the first year of his governorship. That's an average of a trip every 4 days. "I was always going someplace where I could do something for the average citizen in my region," Collor says. There are blatant instances of air travel extravagance, however. Once he flew by private jet with his wife Rosane and a friend to attend a Julio Iglesias concert in Campina Grande, interior of Paraiba State. After the show, someone suggested that "Now it would be great if we could top the evening off by going out for some pasta." Collor didn't hesitate and, once inside the aircraft, ordered the pilot to head for Rio de Janeiro, where they dined at Fiorentina, a restaurant in Leme.

Victorious at the end of an extremely tough second-round campaign, President Fernando Collor de Mello will ascend the Planalto Palace ramp with the support of tens of millions of votes and the title of the most prodigious electoral phenomenon in the history of the Republic. The reality is, however, that even in victory Collor harbors some resentment that he can't easily disguise—the disappointment of a man who won as he wanted to, but without the company of the people he wanted to win with. He was elected with the support of that sector of the electorate known as "povao" [the great unwashed] and had the backing of 100 percent of Brazil's leading businessmen. Even so, as 17 December rolled around, one source of frustration remained—he had been unable to get any of the distinguished surnames of Brazilian politics to appear on stage with him. They either ended up with Lula in the second round or preferred to back him from behind the scene. Collor spent months dreaming of having the company of Mario Covas' PSDB, partly for political reasons and partly out of a desire to give his candidacy an aura of academic responsibility. He wasn't successful. Although he circulates comfortably among low-income Brazilians, where he garnered the bulk of his votes, Fernando Collor de Mello still laments not having been invited to the parties given by many of the 400-year families—the traditional aristocracy—of southern Brazil.

The Fernando Collor de Mello who will take office at Planalto Palace has no connection with the candidate who took his cause to the streets to see what would come out of it. Until Sunday, Collor had no commitments at all. Had he been defeated by Lula, he would have taken a trip to Europe to relax and then returned to Alagoas to figure out what to do with the rest of his life. Starting this week, however, the man everyone knows, whether they like him or not, is a character from Brazil's past. Everything he has said and done so far has as much to do with what lies ahead for him as the GDP of Alagoas has to do with the GDP of Brazil. His advisors bear no resemblance to the ministers he will need to call upon to form his government. Until now, Fernando Collor de Mello was just a young millionaire who got into an adventure without knowing how it would turn out. To help him face a nation on the brink of hyperinflation, full of social problems, and with an external debt of $120 billion, Fernando Collor de Mello will have a presidential palace and a pen that represents millions of votes. President Fernando Collor de Mello already knows that he cannot view his new responsibilities through the eyes of a presidential candidate. His manner of speaking is changing, as is the way he acts. Even his appearance will be different. Since the 1960's he has been getting his hair cut at the same barber shop in the Hotel Copacabana Palace in Rio de Janeiro. It was there that he had his hair cut for his wedding and other decisive moments in his life, always by the scissors of J. Poletti, 48. The last time Collor showed up there he was still a candidate, but he's already told the barber how he wants his hair cut next time. As agreed, the candidate with the long hair parted in the center will disappear. In his place will be a president with shorter hair, devoid of bangs that fall onto the forehead, and parted on the side.

[Box, pp 76-77] The Collor Style in Power

On 15 March 1990, the date set for the presidential inauguration ceremony, President Fernando Collor de Mello will bring a new style to Planalto Palace. He is a meticulous and organized administrator who for months will keep the notes scribbled during meetings with his subordinates. The mark of administrative centralization is also part of Collor's political biography. He insists on taking personal charge of the most important actions in his career—and it can be said that it doesn't bother him to banish aides who don't measure up to his expectations. During his successful campaign for the presidency, Collor had three advisors who were responsible for the radio and television programs aired during the hours allocated for political programming. He started out with publicist Juca Colagrossi, then swapped him for journalist Belisa Ribeiro. She was given a merely decorative job in the final months of the campaign while most of the authority was handed over to journalist Chico Santa Rita.

As governor of Alagoas, Collor was able to live in harmony with his constituency, even though he had to deal with severe budget shortages that kept him from completing a single major public works project during his term. The most dramatic problem that arose during his administration was the flood that struck Alagoas in July 1988, leaving 64 dead and 40,000 homeless. Out of that tragedy came the only sizeable works project of the Collor de Mello administration—the Virgem dos Pobres housing project in the Dique-Estrada section of Maceio, where a shantytown swept away by the floods was replaced by a neighborhood of 2,600 masonry houses. Collor closely supervised the building of the houses and turned them over to the public in record time—120 days. He refused to share credit for the project with anyone. At the ceremony inaugurating the housing complex, he ordered the police to keep out any official cars carrying authorities who hadn't been invited. "I don't want to have any opportunistic little mayors around here," he ordered.

[Box p 78] Careful of His Appearance

The new president is a guy who likes expensive and well tailored clothing and has one of the most complete wardrobes in the federal capital city. Between the time he became mayor of Maceio in 1979 until he launched his candidacy early in 1989, Collor ordered 150 custom-tailored suits from Raimundo Furtado Leite—Linhares of Brasilia—a respectable average of 15 per year or more than one new suit every month. In Rio de Janeiro, two suits are ready and waiting for him at Cesar Lazzarotti's shop, but he hasn't picked them up yet. To go with the normally dark suits, Collor chooses shirts with double cuffs that have two buttons, and silk ties from Hermes of France—sold at $70 and preferred by 10 out of 10 yuppies. His shirt collar is always straight, but his tie stubbornly refuses to stay in place even when attached to the shirt with an 18-karat gold tie tack. All his shirts have been monogrammed with his initials, F.C.M.

Since he has very large feet and wears an odd size—43 and 1/2—he usually has his shoes made to order or buys them in Italy. Vain, he is proud of having reached the age of 40 without signs of baldness. He uses French cologne—Vetiver Carven—and among his favorite wristwatches is a Piaget, a gold one. Cautious after his Swiss Breitling watch was stolen during a rally in Macae, Rio de Janeiro State, Collor started wearing one of those disposable plastic watches. Never one to turn down a drink, Collor imbibes with moderation. Besides enjoying an ice-cold beer, he knows wine and has a fine cellar in his house. Before dinner, he always has a shot of Logan whiskey or, if that is unavailable, Johnny Walker Black Label.

[Box p 79] A Mystic in Planalto Palace

During his administration President Jose Sarney proved to be a superstitious man. Next to Fernando Collor de Mello, however, the man to whom he will pass the official sash on 15 March, Sarney may look like a skeptic. Collor has superstitions for every occasion—in addition, of course, to those shared by millions of other Brazilians, such as never walking under a ladder or trying to avoid black cats. At the table, he never extends his hand to take the salt shaker from the hand of a friend. He first asks that it be placed on the table, since he believes that a salt shaker that passes from hand to hand destroys friendships. In his bedroom, he won't sleep with his feet pointed toward the door, believing that only the dead sleep in that position. When he changes clothes he leaves no garment turned inside out. He believes that inside-out clothing transmits evil fluids that could jeopardize his political and personal plans. When he visits someone, he enters with his right foot and when he leaves departs by the same door he came in. Furthermore, he has kept a broken button on a shirt. According to him, the button broke at a good point in the campaign—and taking it off could have uncertain consequences.

In one of the funniest of his superstitions, Collor developed a formula to ward off failure. He, who usually smokes only three cigars a day, lights up another one whenever he sees an unsuccessful politician. "I don't like to go against popular beliefs," says the president. Because of his faith in God, Collor attends church. Because he fears the power of men, Collor resorts to clairvoyants. He has already consulted with Chico Xavier, a medium in Minas Gerais, and with Nilton Pinto of Bahia, who had predicted the death of that state's gubernatorial candidate Cleriston Andrade, who perished in a helicopter crash in 1982. Collor has also sought the help of "umbanda" authority Ivo Carabajal of Rio de Janeiro, because of a prediction attributed to seer Neila Alkmin according to which he would be assassinated on 28 September. Collor was advised by Carabajal not to leave the house that day. So he didn't.

* Members of Collor Transition Team Profiled

*90ET0080B Sao Paulo VEJA in Portuguese
24 Dec 89 pp 88-92*

[Text] The new faces who will be in power from 15 March on are economists, politicians, and businessmen who accompanied Fernando Collor de Mello throughout his 10 months on the campaign trail. Most of them are from Alagoas, legal residence of the president-elect, but others are from Sao Paulo. Following are profiles of some of them:

Renan the Conciliator

Deputy Renan Calheiros is one of those politicians who can have his choice of jobs in the Fernando Collor de Mello administration. Calheiros, however, plans to stay in the same post he accepted way back in the beginning of the campaign—leadership of the PRN [National Reconstruction Party] delegation in the legislature. Known as a good negotiator, the congressman attracted a fistful of backers to Collor's campaign and played the role of fireman in the crises that erupted within the party during the course of the election year. It is true that his forays into the domains of the Left, especially against the PSDB [Brazilian Social Democracy Party], ended in failure but this was not so much his fault as it was due to—a much greater extent—to the distrust of those political sectors of Fernando Collor. In compensation, he arranged for the support of leaders such as the mayor of Recife, Joaquim Francisco, and Para Governor Helio Gueiros.

At 34, married, father of three, Renan Calheiros arrives at the gates of power in a state of grace, but the heat of the contest in the home stretch singed him. He didn't like it, for example, when the PRN candidate decided to give an anticommunist tone to the campaign during the final days of the election programming on TV, much less when Collor decided to go further down the low road of dirty campaigning by using a statement from Mirian Cordeiro, Lula's former girlfriend. The problem is that Calheiros built his political career on the Left. He even has a brother, Renildo, who is a PC do B [Communist Party of Brazil] alderman in Recife, and he's also dreaming of running for governor of Alagoas in 1990. Calheiros believes that the president will behave differently now that he's won the election. "Collor is a progressive," he says.

Zelia's Economics

President Fernando Collor de Mello hasn't sat still long enough to name all his aides in the economic area. We do know, however, that there is already one big name on the list, that of economist Zelia Cardoso de Melo. Zelia has been involved in Collor's campaign from the outset and was one of the few people from the academic world who would agree to draft the candidate's platform. At first, she was only an informal and confidential advisor to Collor's headquarters. But within a few months she became one of the stars of the PRN—and began to influence the victory of the candidate in the first round, to which she added a social-democratic tinge. She even had a say on the party's electoral strategies. "I don't know how all this happened," she says. "Before I knew it, I was giving interviews on TV," she added.

Specializing in public policy, Zelia Cardoso de Melo has a background that is associated with the Left. When she was a student at the University of Sao Paulo, USP, from which she graduated, she participated in the student movement and was a militant member of the Brazilian Communist Party. Zelia was working with advisors to Treasury Minister Dilson Funaro when she met Collor, who had assumed the governorship of Alagoas. Shortly thereafter she was hired by Collor himself to make a survey of the state's finances. "He expressed unusual interest in becoming familiar with all the financial data on Alagoas," she recalls. Her biggest concern now is to write a diary of the Collor campaign. The central theme will be the harassment which she suffered at the hands of her former university classmates after she joined the PRN. Zelia is 36, single, and comes from a traditional family of Sao Paulo economists. Her cousin Joao Manuel Cardoso de Melo was one of the fathers of the Cruzado Plan.

The Machiavellian Claudio Humberto

Judging by the position he held during the campaign, journalist Claudio Humberto Rosa e Silva, press advisor to Fernando Collor, would probably have no problem being appointed as spokesman for Planalto Palace. He has other plans for himself, however. "I'd like to be Collor's Marzagao," he says, in a reference to President Jose Sarney's private secretary Augusto Marzagao, believed to be responsible for a series of political machinations carried out during the final months of the administration.

At 35, with three children, holder of a diploma in psychology which he never used, Alagoan Claudio Humberto is in a strong position as the election campaign comes to an end. On several occasions he clashed with other Collor advisors—including the candidate's own brother, Leopoldo—and came out ahead. Three weeks ago, in a test of strength with Paulo Octavio, the businessman who coordinated the campaign in Brasilia, he also came out the winner—leaving Paulo Octavio practically nothing to do in the PRN. Claudio Humberto's high standing with Fernando Collor dates from 1987, when he served as press secretary of the Alagoas government. At that time, the Maceio newspapers were spreading the story that Collor's plans to become a household word throughout Brazil actually came out of Claudio's office in a building near Martyrs Palace. That's how Claudio earned the nickname "Doctor Silvana"—the machiavellian enemy of comic book hero Captain Marvel. "All the ideas came from Collor himself," says Claudio Humberto. "All I did was believe that they would come out well," he adds, modestly and loyally.

The Coimbra of Diplomacy

Diplomat Marcos Coimbra, 62, was Ambassador of Brazil to Greece until last February when an international phone call changed his plans for the future. On the other end of the line was brother-in-law Fernando Collor de Mello, then still getting started on his campaign for the presidency. "Would you like to come and work for me?" Collor asked, at the end of a long conversation. That same week, Coimbra disembarked in Brasilia to perform his first mission as special advisor to the PRN—making appointments for the candidate to meet with European heads of state. This diplomat, a veteran of service in 20 countries, was very successful in that task. In less than 15 days Collor was received by prime ministers Felipe Gonzalez and Margaret Thatcher, President Mario Soares, Chancellor Helmut Kohl, and Pope John Paul II—an audience which, requested on an urgent basis, was scheduled with a rapidity rare in Vatican diplomatic practice.

After that, Marcos Coimbra went on to perform other functions at PRN headquarters. Installed in only 12 square meters of office space—three times smaller than his office at the embassy in Athens—Coimbra received everyone from businessmen interested in helping with the campaign to small-town politicians who wanted to join the party. Between visits, he also signed receipts for gasoline for the headquarters fleet of 10 cars, and ordering propaganda materials. "Actually I was the official meteorologist for the campaign," the ambassador boasts. "My job was to forecast and measure the electoral temperature," he adds. Following the first debate among the candidates, for example, Coimbra was the first of Collor's advisors to predict the rise of Luis Inacio Lula da Silva in the polls. His son Marcos Antonio Coimbra also works on the Collor campaign—developing voter surveys for the PRN.

Marcos Coimbra, married to Leda Collor de Mello Coimbra, oldest sister of the president-elect, is described by his friends as a man of refined tastes. In his free time he likes to read the classics of Greek philosophy, especially Socrates and Plato. When he was in Athens he used to walk among the ruins of the Acropolis and visit museums. His love for reading and the arts dates way back. In Curvelo, an interior town in Minas Gerais State where he was born, Coimbra spent a lot of time with a distinguished contemporary—author Joao Guimaraes Rosa.

Master of the Polls

Among Fernando Collor de Mello's advisors, political scientist Marcos Antonio Coimbra was the only one who got through the campaign without taking any trips with the candidate or even appearing on stage. Coimbra is a thin, shy, and nearsighted man who hates to travel or be mentioned in the news as guru to Collor, his friend since the age of 14. The title of guru wouldn't be an exaggeration, however. Shut up in a room at the Vox Populi Institute in Belo Horizonte, this Rio native of 39, who has a doctorate from the University of Manchester in England, produced and analyzed hundreds of voter surveys for the PRN. Working from his computers, Coimbra guided almost every step the candidate took in the search for votes.

The Vox Populi Institute which Coimbra heads has been doing surveys for Collor since 1987. That year, a poll coordinated by this political scientist already showed the then governor of Alagoas to be the most popular among the voters of metropolitan Belo Horizonte. Since that era, Coimbra has become part of Collor's team of immediate advisors and last December got the green light to develop a strategy for the PRN presidential campaign. "This time it's for real," said Collor. "We knew at that instant that Fernando was in a position to run for president with a decent chance to win," recalls Coimbra.

For someone who doesn't like any sport except bridge, Marcos Antonio Coimbra proved he had gotten himself into good physical shape to make it to the end of the election marathon unscathed. In his office at Vox Populi headquarters, he burned the midnight oil and smoked as much as two packs of cigarettes a night—often substituting soft drinks for food. He hardly ever saw his wife and two children during that period—his most frequent contacts, albeit by telephone, were with his father, Ambassador Marcos Coimbra, who was advising the PRN candidate in Brasilia.

Clever Cleto

Until the end of 1985, Deputy Cleto Falcao was a member of the so-called "authentic" group of the PMDB [Brazilian Democratic Movement Party] and spoke out in the federal legislature against the appointed mayor of Maceio—Fernando Collor de Mello of the PDS [Social Democratic Party]. Three years ago, however, Falcao became a friend and "compadre" to Collor—the president is godfather to Cleto's only daughter. During the presidential campaign, he was one of the top political advisors to the PRN. Ever since Collor decided to project his political career beyond the state of Alagoas, the deputy has assumed the role of counselor. During a conversation in Brasilia in November 1987 he suggested for example that his friend give up the idea of trying to succeed Sarney. "You would be better off as Brizola's vice president," he said. "No, I want to be president of Brazil," Collor insisted. From then on, Cleto Falcao accepted the role of negotiator for the Collor candidacy and started doing what he likes best—traveling around the country and talking to politicians. There he accomplished some delicate missions. Recently, he took over the leadership of the Collor campaign in Rio de Janeiro and prevented a hemorrhage of political support to the PT [Workers Party] candidate. When he arrived in that state, only 11 of its mayors were behind Collor—he left with 46 city halls in hand, plus more than 100 aldermen. Falcao is proud to say that "Collor entrusted me with some assignments that no one else knew about."

The deputy first decided to back Fernando Collor in 1986 during the contest for the governorship of Alagoas, even against the wishes of his family—Cleto's uncle, Muniz Falcao, was an adversary of Arnon de Mello, Collor's father. Another thing made it hard for him to support Collor: the deputy considered himself to be a politician of the Left, with Marxist tendencies. In 1980, for example, he wrote a strong article in protest against the jailing of union leader Luis Inacio Lula da Silva, later Collor's tough opponent in the second round of the presidential race. "Even so, I figured I should be pragmatic," he recalls. "At the time, Fernando was the only man in a position to topple the oligarchies in that state."

Dario's Protection

Throughout the campaign, no politician or advisor was as close to Fernando Collor as Lieutenant Dario Cesar Cavalcanti—the candidate's bodyguard. On more than 300 trips Dario Cesar, 26, never left Collor's side. He was with him in the private jets, on the platforms, and even at social gatherings. Even when the candidate retreated to his home to rest, he didn't want to be without Dario Cesar, the discreet and effective security man. At a rally in Porto Alegre 2 weeks ago, Dario was the shield that prevented the future president from being hit by a rock. "I wouldn't do that for anyone else," he confesses. Lt Dario was born in Maceio, is married, and has two children.

The Strength of Leopoldo

Two weeks ago, publicist Leopoldo Collor de Mello, 48, became the strong man in his brother's campaign for the presidency of Brazil. He was the one, for example, who mustered up million-cruzado contributions from Sao Paulo businessmen to finance Fernando Collor de Mello's electoral marathon. As head of the Sao Paulo campaign headquarters, he also started issuing orders for other states—mainly Rio de Janeiro and Minas Gerais. Finally, as election eve approached, he supervised a change in the tack taken in the PRN's TV programs; it was with his authorization that the testimony of Mirian Cordeiro, Lula's ex-girlfriend, was aired. In it she accused the PT candidate of having convinced her to have an abortion. In the final days of the race, Leopoldo Collor had so much clout that even his wife Regina Collor, with whom he has two children, became an influential voice at the Sao Paulo campaign office. "Fernando usually approved my ideas," Leopoldo said.

Like his brother, Leopoldo was born in Rio de Janeiro and has been groomed since adolescence to take over the family business—a radio, TV, and newspaper complex in Alagoas. Prior to that, however, he spent 2 years in London studying at Cambridge, worked as a reporter for JORNAL DO BRASIL, and served as a cabinet official in the Ministry of Education during the Janio Quadros administration. Leopoldo insists he won't occupy any post in his brother's administration; his friends think he will open an advertising agency.

Businessman Cardoso

With assets valued at $80 million, businessman Eduardo Cardoso, 38, enjoys having Fernando Collor de Mello visit his home in the *Lago Sul* section of Brasilia. It was there, for example, that the president-elect watched the first-round election returns and celebrated his victory with a party that lasted until 4 in the morning. The businessman's home also served as a refuge when the PRN candidate was trying to avoid the press—especially journalists. Collor and Cardoso met 6 years ago and became good friends, but Cardoso insists that he doesn't aspire to any position in the future government—although his name has been mentioned frequently for the post of Chief of the Civilian Household of the Presidency.

"I'm a businessman and can't just leave my companies," Cardoso says every time someone puts his name on a list of potential cabinet ministers. During the campaign, Cardoso also played the role of informal advisor to Collor and even served as broker between the candidate and some of the politicians who ended up joining the PRN. It was in his home that alliances were sealed between Senator Jorge Bornhausen of the Santa Catarina PFL [Liberal Front Party], with former Deputy Nelson Marchezan of the Rio Grande do Sul PDS, and with Florianopolis Mayor Esperidiao Amin. "Perhaps I'm one of Collor's few friends who has no political ambitions," Cardoso says firmly.

* Arms Industry Layoffs, Plant Closings Viewed

90ET0055A Sao Paulo VEJA in Portuguese
22 Nov 89 p 121

[Text] With no orders, the military industry is shrinking and the two largest firms in the sector are laying off workers and closing plants.

The protagonist in a crisis which has now dragged on for 2 years, the Brazilian defense industry tripped up again last week. With the laying off of 400 employees, according to the firm, or almost 1,000, according to the union, Avibras Aerospacial—the largest and oldest firm in the sector—has practically shut down its second plant in a year. Located in Jacarei, in the interior of Sao Paulo, the factory produced the rockets that equipped their most sophisticated weapon, the Astros launch vehicle, capable of firing up to 32 missiles simultaneously. Avibras today operates with little more than 1,500 of the 5,000 workers it employed last year, and its downhill slide is symbolic of the crisis undermining the national weapons industry. Until the beginning of last year, it was a member of the country's prosperity club. The largest private Brazilian exporter in 1987, Avibras figured in the honor roll of the 10 biggest in terms of profitability, productivity and overall performance, in EXAME magazine's publication BEST AND BIGGEST. "Now everything has changed," says Felipe Cury, spokesman for the firm.

A year after being positioned among the ranks of the champions, Avibras has fallen to a position not in the least bit comfortable, and has gone to being the sixth most indebted company in the country. The only firm in the military industry in an even worse situation is Engesa, specializing in the manufacture of tanks. With a debt of almost a half billion dollars, according to Fernando Batista Costa, director of the Brazilian Defense Materials Industries Association, in 1988 it disappeared from the list of the 500 largest firms in the country in BEST AND BIGGEST. Last month, employees of Engesa Electrical Equipment, an arm of the group specializing in the manufacture of electric motors, located in Jandira, Sao Paulo, were notified that the factory would be closed, according to the Osasco Metalworkers Union.

To confront the crisis, the firms in the sector have opted for diversification. "Our military production has dried up," says Cury. Avibras is already producing parabolic antennas and intends to make laser binoculars, an auxiliary military equipment item. Its bus fleet, previously used to transport its employees, is today employed in offering tourism services, through one of its subsidiaries, Transvip. At the root of the problems so deeply affecting both Avibras and Engesa is the contraction of the world arms market, caused by the end of the Persian Gulf War between Iran and Iraq. With the ending of hostilities, Brazilian enterprises have lost not only their principal client, Iraq, but also their sales to Saudi Arabia, Kuwait, Egypt and the Arab Emirates, who were heavily arming themselves in the fear that the war would spread to their territories.

Unsold Tank

Today, Engesa survives on the hope that the government of Saudi Arabia will firm up an order for battle tanks promised since 1986, when the conflict between Iran and Iraq was at one of its fiercest stages. Engesa's tank has won a bid against similar American, English and French models, but the transaction has not yet gone beyond paper. "Because of budget problems, the Arabs are delaying the signing of the contract," says General Decio Machado, director of the Army's Department of War Materiel. "It should happen next year." The fact is that while finalization of the contract is delayed, Engesa's financial problems are worsening.

The government, for its part, is trying to help the firm escape this situation. In August, yet another Brazilian mission traveled to Arabia to try to convince Prince Sultan Abdul Aziz to put his signature on paper. In vain. "If nothing new occurs, the crisis will continue," predicts General Machado. The only firms to escape it, according to the general, are those that rapidly diversified their production, like Taurus and Rossi, and who today basically dedicate themselves to production of revolvers. "The ideal situation from now on is that the firms, even though manufacturing military equipment, never abandon their civilian markets," Machado advises.

Commentary on Angra 1 Nuclear Plant Operation

PY1801142090 Rio de Janeiro O GLOBO in Portuguese 17 Jan 90 p 23

[Report by Ramona Ordonez]

[Text] "Brazil enters the nuclear age. Angra 1 is operational," read a headline in O GLOBO in its 18 January 1985 issue. The item reported on the inauguration of the first Brazilian nuclear plant on a rainy 17 January, marking the beginning of the commercial operation of Angra 1. Five years have passed, and $25 million (307.5 million new cruzados at the official exchange rate) have been spent.

The 626-megawatt plant was turned back on yesterday morning, and now, on its anniversary, it is operating at 10-percent capacity and should be producing at 35 percent within the next few hours. The technicians guarantee that Angra 1 will prove this time that it is no longer "a firefly, on-off plant."

With the exception of the buildings housing the reactors, the plant is quite different from the one inaugurated in 1985. Pedro Figueiredo, the acting thermonuclear area director of Furnas, the company that operates the plant, explained to O GLOBO that 13 major and other minor modifications have been made, and that Angra 1 is operationally one of the best in the world and is more secure than it was before.

From 1985 to 1989, Angra 1 generated 8.8 billion kilowatt hours of electricity, enough to light 7 million houses for an entire year. Sergio Guimaraes, who is the assistant to the thermonuclear director and who was an Angra operator, affirmed that despite its constant problems Angra 1 has helped in training Brazilian technicians and has been useful in the development of new technologies by Furnas, industry, and the scientific community.

Angra 1 suffered so many problems that Furnas filed a suit with the Arbitration Court of Paris against Westinghouse Company, demanding indemnification for damages resulting from errors in design, in the steam generator, and in the electricity generator.

Modifications made over the past 5 years range from the replacement of transformers and motors, the modification of pumps, and the replacement of 48,000 vapor condenser tubes to the installation of environmental control and a new computer system that begins operation today.

The Brazilian Government purchased the Angra 1 plant from the U.S. Westinghouse Company, and construction began in 1970. The plant installation was marked by several problems both in nuclear equipment and in conventional electric equipment.

Angra 1 cost $1.8 billion. The testing of its equipment began as recently as 1977. The atomic fuel was loaded in 1981 and energy produced by the plant was for the first time fed into the southeast electricity grid in 1982. It reached 100-percent generating capacity in February 1984 when it was approved for commercial operation. Since its inauguration on 17 January 1985, Angra 1 has been shut down 23 times.

Chile

Patricio Aylwin Will Assume Presidency 11 Mar

PY1801165690 Santiago Radio Chilena Network in Spanish 1600 GMT 18 Jan 90

[Text] The transfer of power to President-elect Patricio Aylwin will be held on 11 March. This decision was made a few moments ago by the Constitutional Tribunal, which made a decision on the National Congress Law by saying that its precepts are constitutional.

Article 1 of this law says that the transfer of power must be held on 11 March 1990. The tribunal also said that for the installation of the congressional chambers, especially the Senate, the elected and appointed senators must attend. By this decision the Constitutional Tribunal also established the constitutionality of appointed senators. Article 3 of the National Congress Law says that constitutional accusations must be related to events that occur after 11 March 1990, that is, the inspection powers of Congress will only cover events that occur after 11 March 1990. Therefore the events that occurred during the military regime will not be investigated.

This article was declared constitutional by five votes in favor and two against.

Minister-Designate on Foreign Policy Initiatives

PY1901021490 Santiago Radio Cooperativa Network in Spanish 2200 GMT 18 Jan 90

[Text] The government of President-elect Patricio Aylwin will cool its relations with segregationist South Africa and will condition its resumption of diplomatic ties with Cuba on that country's nonsupport for revolutionary processes in Latin America. This announcement was made public in Quito, Ecuador, by Foreign Minister-designate Enrique Silva Cimma.

In an interview granted to television in Ecuador, the future secretary of state said that Chile will lower the level of relations with South Africa, but will strengthen those with all East European countries whose process of transformation, he said, is fascinating.

Silva Cimma is now in Quito attenting a meeting of the Socialist International Committee for Latin America and the Caribbean.

President-Elect Aylwin Sends Letter to Gorbachev

PY1201143290 Santiago Domestic Service in Spanish 0930 GMT 12 Jan 90

[Excerpt] President-elect Patricio Aylwin has sent a letter to Mikhail Gorbachev through Diego Olivares, CUT [Central Labor Union] vice president and foreign affairs secretary, who has traveled to the Soviet Union with a delegation of 10 union leaders.

This was reported by CUT President Manuel Bustos, who labeled the president-elect's gesture as very positive because the democratic government is opening up new possibilities of establishing relations with all the peoples and countries of the world.

Bustos was speaking during a news conference following a Federation of Chilean Handicapped People ceremony. [passage omitted]

Government Bans Entry of Soviet Radio Announcer

PY1301135890 Santiago Radio Cooperativa Network in Spanish 2200 GMT 12 Jan 90

[Text] The Chilean Government has banned the entry into Chile of Radio Moscow announcer (Ekaterina Aleskaya), who worked on Radio Moscow programs against Augusto Pinochet for more than 16 years. This information has been released by the Chilean Communist Party [PCCh].

The announcer, who since 1973 has worked for the "Escucha Chile" program, which Radio Moscow broadcasts on shortwave, was invited to attend the celebration of the PCCh's 68th anniversary.

The announcer, who is more than 70 years old, has been in Buenos Aires for several days waiting for her visa for Chile. Today she was officially told that she will not be granted a visa, the PCCh said.

The Pinochet administration on several occasions lodged protests with the United Nations against the Radio Moscow programs to Chile, which began 1 week after the military coup of 1973. The USSR and Chile have had no diplomatic ties since that time.

For more than a decade, Radio Moscow guided those who sought to restore democracy in Chile, especially the underground Communist activists who were persecuted by the regime. Many people who did not belong to any party also listened to the Radio Moscow programs because of the strict constraints in Chile.

The regime's security services monitored the Escucha Chile program daily, and the regime made many unsuccessful attempts to interfere with it.

Commentary Analyzes Aftermath of Panama Invasion

PY1801235090

[Editorial Report] Santiago LA TERCERA in Spanish in its 6 January edition publishes on page 3 a 400-word unattributed commentary entitled "Noriega's Fall." After describing Noriega's situation in Miami where he is facing trial on drug-trafficking charges, the commentary notes "the great majority of Panamanians applaud the U.S. invasion" because they hope it will bring about "freedom, democracy, and prosperity," something that was suppressed by Noriega.

The commentary notes that "Latin American countries are reticent" about accepting the invasion because it represents a violation of the "principles of sovereignty and self-determination." Nevertheless, it asserts, the invasion might mean "the realization of the Panamanian people's dearest hopes." "No one condemned" Noriega or raised the issue of human-rights violations during his tenure, the commentary contends, adding that some who decry the U.S. invasion maintained "an accomplice's silence."

The commentary concludes by posing a rhetorical question: Isn't "an unjustifiable method" sometimes the most efficacious way to obtain a result "desired by all," particularly when the action has the characteristics of "an act of justice."

Santiago LA SEGUNDA in Spanish on 11 January carries on page 6 a 500-word unattributed commentary entitled "The United States and Latin America."

The commentary stresses that "the United States is isolated." Even the OAS, "which has always reflected the large U.S. influence in the hemisphere, has produced two resolutions condemning the United States in the last 3 weeks," the commentary points out.

The commentary views U.S. President Bush's attendance at the 15 February antidrug summit in Colombia and Vice President Quayle's regional tour as damage-control efforts. "Both initiatives will ecounter difficulties," the commentary asserts, noting summit obstacles posed by the Peruvian Government over the U.S. invasion of Panama, and the Colombian Government over the so-called blockade of Colombian coasts, and opposition to the Quayle tour, the purpose of which was redefined as one "of consultation."

The commentary characterizes the consequences of the invasion as "grave and significant" particularly since Bush has stated he "is proud of it." "If the United States thinks it is appropriate to invade a country, and pay whatever cost to catch a criminal like Noriega," then all Latin America, and even some European countries, will believe that the "basic principle" of nonintervention has been "compromised or shaken at its very roots."

At this time of democratic renewal in the world, it is ironic that the countries of Latin America, "old friends and neighbors by tradition and interests," are pushed aside, the commentary concludes.

Supreme Court Expels Judge From Judiciary

PY1301141490 Santiago Radio Cooperativa Network in Spanish 2200 GMT 12 Jan 90

[Excerpt] Christian Democratic Party Deputy-elect Andres Aylwin has termed as discouraging a Supreme Court decision to expel Judge Rene Garcia Villegas from the judiciary. Aylwin, a lawyer who has fought for human rights under the military regime, added that the Supreme Court has ignored the main values of society.

The deputy-elect for the San Bernardo District said the resolution against Judge Garcia Villegas, who was in charge of the 20th Santiago Criminal Court, was very sad.

[Begin Aylwin recording] Villegas has demonstrated his commitment to justice and to human rights. He has opposed the use of torture in Chile over the past few years. His presence is very important in a judiciary that, in general terms, has been absolutely indifferent to human rights violations. Consequently, this sanction is deeply discouraging. [end recording] [passage omitted]

U.S. Move on Patent Rights Labeled 'Blackmail'

PY1701234290 Santiago Radio Chilena Network in Spanish 1600 GMT 16 Jan 90

[Passages within quotation marks recorded]

[Text] The U.S. ambassador to Chile is reportedly pressuring the Chilean Government to approve a draft bill on medicine patent rights before Patricio Aylwin assumes power. This situation was reported this morning by businessman and lawyer Ricardo Claro Valdes who said that if Chile does not follow the U.S. recommendation, there will be more problems for Chilean fruit exports to the United States.

[Claro] "According to well-informed sources and even though it is hard to believe, U.S. Ambassador to Chile Charles Gillespie intends to create new problems for Chilean fruit exports. This will not be an act of economic terrorism like last year's. This time we are facing an act of blackmail [preceding word in English], using Gillespie's language."

According to Ricardo Claro, Chile is facing another act of blackmail. He thus called on all fruit transportation workers to remain alert to defend themselves against a new attack by an unreasonable imperialism.

[Claro] "The U.S. Government has been pressuring Chile for years to approve a law protecting medicine patent rights. Now Gillespie has allegedly told Chilean authorities that if the medicine patent rights law is not approved immediately, before the next presidential inauguration, Chilean fruit exports to the United States will be restricted. It is as simple as that."

Claro later said that the Government Junta must not approve laws because of pressure or threats from a foreign government, and he said that Ambassador Gillespie should wait for the installation of a democratically elected Congress. This is a regrettable situation, he added.

(Jose Antonio Blumins), president of the Pharmaceutical Industrialists Association, has said that the relevant draft bill is being studied by the Government Junta. We expect the Government Junta members to reject this draft bill which was prepared under U.S. pressure and is unacceptable because they are trying to trample us; we cannot accept that as a country, he said.

(Blumins) said that the pharmaceutical industry is alert to the situation and reiterated that if the draft bill is approved, the price of medicines would double or triple, according to studies made by the Catholic University's Economy College. The whole country could be harmed and consumers would have to pay much more for medicine, (Blumins) added.

(Blumins) said that he agreed with Ricardo Claro's statements and added that his association would soon express its position on the subject.

National Renewal Plans Strong Opposition

PY1301210690 Santiago Domestic Service in Spanish 1600 GMT 13 Jan 90

[Text] Plans are being made to form in March a real shadow cabinet, parallel to the government and composed of congressmen of National Renewal and of other center-right political parties. The plan aims at carrying out a modern and constructive opposition. This announcement was made by National Renewal Senator-elect Sebastian Pinera after a meeting at the home of Senator-elect Sergio Romero Pizarro of the same party. Pinera said:

[Begin Pinera recording] We want our congressional voice heard in a different way than in the past. It is clear in our minds that we are going to carry out a modern and constructive opposition. This means that we must organize our work with the same responsibility as if we were in the government. We said we want to have some kind of a shadow cabinet organized in such a manner as to be able to prpvide solutions, discuss problems, and check up on the government's work. [end recording]

The meeting lasted several hours. In addition to Pinera and Romero, it was attended by National Renewal Deputies-elect Evely Matthei, (Federico Mequis), and Alberto Espina; National Renewal Vice President Miguel Otero; and party Secretary General Andres Allamand. Pinera added that more meetings will be held to create the congressional committees in charge of studying the bills proposed by the Patricio Aylwin administration. He added that the committees will be efficient organizations to not only check on government work but also to provide ideas if necessary.

PPD Leader Ricardo Lagos Travels to Israel

PY1501132590 Santiago Domestic Service in Spanish 0930 GMT 15 Jan 90

[Text] After being nominated to serve as the future education minister, PPD [Party for Democracy] President Ricardo Lagos has traveled to Israel at the invitation of the Israeli Socialist Party. Lagos arrived in Tel

Aviv with his wife Luisa Duran on 12 January. One of his first meetings was with Likud party member Deputy (Yeo Shua Matza).

Lagos is scheduled to meet with Labor Deputy Prime Minister Shimon Peres, Labor Deputy (Benjamin Ben Eliazar), and Israeli Armed Forces chiefs General (David Ibri) and Colonel (Najman Shy).

The PPD president will be in Israel for 1 week, where he will also meet with local labor union leaders. The socialist MAPAM [United Workers Party] will hold a reception for him in Tel Aviv.

PAC Calls for Rejection of Appointed Senators

PY1601133690 Santiago Radio Cooperativa Network in Spanish 2200 GMT 15 Jan 90

[Text] The executive board of the Liberal Centrist Alliance Party, PAC, has called for a joint moral effort to prevent the government-appointed senators from using their power. The PAC made this public declaration following a meeting of its metropolitan region council. The document, which is signed by PAC leaders Pedro Rosales, Julian Arias, Cesar Guerra, Ernesto Olivares, and Sergio Vivanco also emphasizes the party's unconditional loyalty to the elected government. The PAC likewise expresses its best wishes for Aylwin's future administration.

The PAC declaration stresses the quality of the ministers that have been appointed by Aylwin. The PAC rejects the antidemocratic procedures of the transition government in its attempt to impose last minute norms. This is why the PAC calls on everyone to actively cooperate in the democratic reconstruction process that is about to begin in the country.

Communist Party Disagreements End in Suspensions

PY1301162490 Santiago Domestic Service in Spanish 2200 GMT 12 Jan 90

[Text] Disagreements within the Communist Party, PCCh, continue: Two high-ranking PCCh regional leaders of the city of Valparaiso have been suspended for supporting Patricio Aylwin's position.

More details from Roberto Rodriguez of Valparaiso Radio Nacional:

[Begin Rodriguez recording] Disagreements have been causing splits within the 5th Region PCCh. Two members of the regional executive board have been indefinitely suspended from their positions on charges of promoting splits within the party. The measure, which is similar to the one taken against national PCCh leader Patricio Hales, affects Alejandro Valenzuela, director of EL COMERCIO and member of the CUT [Central Labor Union] national executive board; and Jorge Cabezas, both of whom were elected during the recent PCCh congress.

According to reports, the suspension was also a result of the two leaders' participation in the meetings organized by the Institute for Dialogue, INDI, which is presided over by Alejandro Hales, who has also been suspended.

According to reports, the splits within the PCCh result from the fact that the old-time leaders, such as Volodia Teitelboim and Luis Corvalan, insist on retaining the same methods and propaganda that led to the PCCh's defeat in the last elections. The most progressive sectors of the PCCh reject those methods and propaganda, and call for changes similar to those taking place in Eastern Europe. [end recording]

Rightists Criticized

PY1201134690 Santiago Domestic Service in Spanish 0930 GMT 12 Jan 90

[Excerpts] [Passage omitted] The Chilean Communist Party [PCCh] is carrying out an intense internal debate at the level of its cells to overcome its current political isolation and crisis.

This debate will end in a national conference that will take place next April when the PCCh expects to propose a new policy, more in keeping with Chilean reality. This was reported by Mario Villanueva, the PCCh regional committee secretary. [passage omitted]

During the debate about the crisis of world socialism, the PCCh members also plan to talk with other leftist parties. Villanueva said that there is great concern in the PCCh over the fact that the renewal process should be speeded up, and he stressed there should be further democracy within the PCCh.

As for the future administration, Villanueva said that Aylwin is being pressured by the right to agree and reconcile with them. The PCCh leader added that an agreement with the National Renewal Party seeks to leave out the left. Villanueva reiterated that the PCCh will not assume an opposition role regarding Aylwin, although it will reserve its right to independence. He added that his party will insist on dismantling the current institutional system.

In conclusion, he labeled the 14 December triumph of the Coalition of Parties for Democracy a relative triumph.

Will Help Political Prisoners

PY1601143090 Moscow in Spanish to Chile 2100 GMT 15 Jan 90

[Excerpt] [Passage omitted] During a ceremony to commemorate the 68th anniversary of the Chilean Communist Party, PCCh, Gladys Marin, a member of the PCCh political committee, said her party will become a constructive, independent party during the term of the government that will assume power next March.

The former secretary general of the PCCh youth spoke for the first time in public after 16 years of exile and of life underground. She recalled the meeting held recently between PCCh Secretary General Volodia Teitelboim and President-elect Patricio Aylwin. She said that national reconciliation must be based on truth and justice to allow the consolidation and progress of democracy.

Marin then paid homage to all political prisoners, represented by four who were recently released. She reasserted the party's democratic decision to continue its relentless struggle to obtain freedom for all political prisoners. [passage omitted]

'Powerful' Santiago Subway Explosion; No Injuries

PY1301022190 Buenos Aires TELAM in Spanish 0115 GMT 13 Jan 90

[Text] Santiago, 12 Jan (TELAM-ANSA)—A powerful explosion has caused serious damage to a Santiago subway station. No organization has claimed responsibility for the attack.

The explosion did not cause any casualties but it did break the windows of nearby buildings and destroy a section of track at the Los Heroes station. The device exploded after the last train had gone through, just after midnight. Thus there were no casualties.

Police explained that if the explosion had occurred a few hours earlier, when thousands of people would have been using the metro to go home, there could have been a tragedy.

Bomb Explodes Outside Hotel in Vina del Mar

PY1301193090 Santiago Domestic Service in Spanish 1600 GMT 13 Jan 90

[Text] A bomb destroyed several first-floor windows of the Miramar Hotel in Vina del Mar today. The bomb was placed in the flag garden near the tourist resort.

According to the police report, the bomb was made with 250 grams of (?trinol) and was mechanically detonated. The explosion brought down flagpoles and an iron fence, leaving a hole in the area where some U.S. flags were being flown.

The blast broke the windows of two hotel buses; license Nos. CI254929, from Argentina, and EP9557. Witnesses said that an out-of-service Gomez Carreno bus dropped off two individuals on Marina Avenue near the Miramar Hotel. The individuals walked to the flag garden where the flags of countries participating in conventions are usually flown. They presumably placed the bomb, returned to the bus, and drove away toward Valparaiso.

Special Carabineros agents are scouring the city, particularly the Gomez Carreno area, where the extremists and the bus are thought to have originated.

* Economy Through Transition Period Viewed

90ET0075A Santiago EL MERCURIO in Spanish 17 Dec 89 pp 1B, 2B

[Interview with Finance Minister Martin Costabal Llona by Carolina Garcia de la Huerta: "The Final Days in the Finance Ministry"; date and place not given; first six paragraphs are author's introduction]

[Text] His job is certainly not an easy one. He will probably be the last minister of finance in the government of General Pinochet. It will be he who will have to present complete accounts to Patricio Aylwin, the next president, and turn over to the technical experts of the CPPD [Coalition of Parties for Democracy] the entire economy of our country.

However, he will also be first in another sense, for never previously has a minister of finance had to deal with an autonomous Central Bank.

Thus, completing work that has gone on for 16 years long has its difficulties. After the great many things that have been done and the undeniable successes which the present economic system has had, his principal task will be to prepare for the turnover of the Ministry of Finance and to provide all of the facilities needed so that those who will inherit this department can carry on their work under the best conditions which can be expected.

In this sense his views are clear. There is a great challenge facing those who will come after him. Martin Costabal Llona said: "Beginning with so high a standard will necessarily be complicated, because, as scripture says, you will have to account for the talents which you receive. If today we are in good shape, they will have to end their administration in even better shape."

He has been involved in the economic development of the country for 10 years. He held several public positions and, between 1981 and 1984, was the budget director. And, although he was already out of the government and was director general of a large company in the private sector, this commercial engineer decided to make a final effort in support of the economic principles of freedom which were in effect under the military regime.

However, his message is one of hope. Perhaps the next government under the CPPD will succeed in consolidating the achievements of economic freedom in an atmosphere of full political freedom and finally achieve that higher combination of freedoms which makes nations great.

[EL MERCURIO] As you will probably be the last minister of finance of the government of President Pinochet, what do you think will be your fundamental job?

[Costabal] The principal task will be to turn over everything in the Ministry of Finance to the next administration in good condition. It will also be necessary to begin developing this new relationship with the Central Bank.

This trial period of 3 months will be important. Therefore, it will be interesting to see what will happen.

[EL MERCURIO] Will this be something like seeing how the autonomous Central Bank will function?

[Costabal] More than that, it will involve trying to get that new institution under way and finding the best way to reach agreement, so that autonomy, which is so important and even vital for our economy, will not mean a lack of coordination.

[EL MERCURIO] Beside being the last minister of finance of this government, you are the first minister of finance to work with a fully independent Central Bank. What would you say are the principal differences between the way in which you will operate and the way in which your predecessors operated?

[Costabal] Previously, part of the responsibility of ministers of finance was, let us not say supervision, but certainly very close coordination with the Central Bank, involving suggestions on foreign exchange, credit, and monetary policies, among other things. Today I do not have those functions, directly. At present everything is more concerned with coordination.

[EL MERCURIO] Despite the fears of some people, do you think that this kind of coordination will be possible?

[Costabal] Certainly. I have attended two meetings of the Board of Directors of the Central Bank and I have the most favorable impression of the board and of its members. I think that we are going to work together very well, without any problems.

[EL MERCURIO] And this is the way it has been up to now?

[Costabal] The 1 week which I have spent as minister of finance and the members of the board have spent in an autonomous Central Bank has been a time when each of us has been on his own, organizing the office. Therefore, there has not been much time to talk and reach agreement. Nor have there been any very important matters to deal with.

State of the Economy

[EL MERCURIO] In what condition will you turn over the economy to the incoming government of Patricio Aylwin?

[Costabal] It would be difficult for it to be in better condition. In the first place I believe that the situation right now reflects a state of equilibrium in the principal, macroeconomic areas of the economy. Although these areas are always changing, there is no sign of any important imbalance in them. Rather, there are the normal developments which can take place at any time.

[EL MERCURIO] And in macroeconomic terms?

[Costabal] There are also very important factors which have created the good economic situation in which the country finds itself. We will turn over a system of prices which is functioning without distortions and which is showing satisfactory signs for investment and growth to the active elements of the economy. I also believe that there are such things as expectations. They are not very tangible but are very important in any economy. As a result of stability and clarity in the rules of the game, these expectations are very much under control. This is a very important factor in the economy's current good condition.

[EL MERCURIO] In your view which are the most important rules of the game?

[Costabal] I am speaking of the rights of property, the openness of the economy, the lack of discretionary powers, and clarity regarding the role of the authorities.

Inflationary Fears

[EL MERCURIO] Well now, some statements made by technical experts from the CPPD have indicated their concern over the high rate of inflation which they would inherit from the present government. What do you think of such a view?

[Costabal] Everything depends on what you are comparing things with. There is no doubt that the present rate of inflation is higher than it was in 1988. However, it is not significantly different from the rates of inflation which have existed since 1983, in the order of 20 percent annually.

[EL MERCURIO] Why is the inflation rate this year higher than it was in 1988?

[Costabal] The reason is that in 1988 we were going through very special circumstances which led to a decline in the inflation rate. That is, there were specific situations, such as the decline in tariff duties, the decline in the price of petroleum, and the reduction in the VAT [Value Added Tax] and other taxes. All of these circumstances ensured that inflation would decline. That does not mean that the present inflationary levels are excessive but rather that we have reached levels which have been more or less normal over the past few years.

[EL MERCURIO] However, if the expectations for 1989 were that inflation would be less, how do you explain what happened?

[Costabal] This shows how difficult it is to lower the inflation rate. In 1988 we succeeded in doing so, as the result of the impact of some of the circumstances which I mentioned previously. In 1989 there were no such developments. The more or less normal tendency continued, and inflation reappeared.

Economic Adjustment

[EL MERCURIO] What is happening to economic adjustment?

[Costabal] I would say that the very need for an adjustment is a concept which has developed over time, in the sense that the price of copper has been kept at a very high level and noncopper exports have also experienced substantial growth. Under these conditions the requirements regarding the size of the adjustment needed have been declining and have almost disappeared. That is an important factor to consider.

[EL MERCURIO] Do you think that the measures adopted by Enrique Seguel, your predecessor, were adequate?

[Costabal] Although the adjustment was very moderate, it was enough for the conditions I already mentioned. This was due to the fact that the level of exports was sufficient to result in the desired trade surplus, in the order of $2.0 billion on an annual basis. We were far below that figure a few months ago.

[EL MERCURIO] Therefore do you anticipate a need for new measures to adjust the economy?

[Costabal] No, if the economic variables continue as they are now. I refer to the price of copper and the level of noncopper exports. The economy can go on functioning as it is for a long time. However, in a dynamic sense, there certainly are problems to resolve, since the economy cannot continue growing at the present level. The rates of growth of the last few months—about 10 percent—are really unsustainable, since our productive capacity has not grown to that extent.

[EL MERCURIO] If you say that it will be necessary to lower the rate of growth, how would you do it?

[Costabal] Of course it will be necessary to reduce the rate of growth. In that sense I believe that a dynamic adjustment will be required. That is, it will not be necessary to lower the level of economic activity but rather the rate of economic growth.

[EL MERCURIO] And in that sense, would you have to take some specific action?

[Costabal] I believe that the measures which were taken some months ago are having the necessary effect on the trade balance, with the small devaluation and the increase in interest rates.

[EL MERCURIO] Do you have any kind of expectation regarding the final level of economic growth in 1989?

[Costabal] We are very near the end of the year and, although I cannot provide you with a precise figure, I think that it is going to be in the order of 8 or 9 percent.

Will the Present Economic Model Be Continued?

[EL MERCURIO] Do you believe that the present economic model should continue under the government of Patricio Aylwin?

[Costabal] Yes, of course.

[EL MERCURIO] What kind of commitment do you see among the technicians of the CPPD to keep the present economic model?

[Costabal] To some extent there is a commitment to those who voted for the CPPD. The maintenance of a social market economy is mentioned in the the CPPD program, with a change of emphasis on its social aspects. Beyond that, the statements made by the technicians also confirm this.

[EL MERCURIO] To what extent do you anticipate that the present economic model will be maintained over the next 4 years?

[Costabal] The very fact that this has been included in the the CPPD pprogram means that the system has been successful and that its results are popular. In addition, and beyond these commitments, there is also a factor of convenience, since a growing economy also provides greater tax revenues which can be be earmarked for redistribution for other purposes. Therefore, that is another element which will call for the maintenance of the present economic model. Finally, there is evidence from abroad which indicates that we have been following what is already an international tendency. Furthermore, we can see the bitter legacy which economic imbalances leave. They require such traumatic solutions in some countries of Latin America.

[EL MERCURIO] What would be the most relevant factors which should be continued under the next government to ensure a healthy development of the Chilean economy?

[Costabal] It is very difficult to answer that question because I have taken part in the formulation of the present economic policy for a long time. However, I would not like to question the convictions and the mandate which the new government has every right to make use of.

[EL MERCURIO] Regarding the economic program of the CPPD, what are the aspects which concern you the most?

[Costabal] Regarding the program, what most concerns me is that part relating to changes in labor legislation, because that is a very delicate point. There are also indications of changes in incomes policy.

[EL MERCURIO] Are there concerns about what may happen as a result of the economic management policies of the CPPD?

[Costabal] Certainly there are, and the CPPD leaders are very much aware of them, as well as of populist pressures on them.

[EL MERCURIO] Do you have some message for the CPPD?

[Costabal] On our part we wish every success to the incoming government of Patricio Aylwin, because it is important for all of us.

The Dollar and the Stock Market

[EL MERCURIO] What is your view regarding the drop in the parallel rate for the U.S. dollar on 16 December and the rise in the price of shares? These are unexpected phenomena in the wake of a presidential election.

[Costabal] I think that Patricio Aylwin's victory was anticipated, so to speak, by these economic variables. Furthermore, a countervailing factor which had favorable effects is the fact that this victory took place under conditions of full normality. The vote obtained by sectors close to the present government in the parliamentary elections also had some influence.

[EL MERCURIO] In your view how did all of these political factors influence the highly sensitive economic variables?

[Costabal] The investors who saw election day approach knew that the alternative policies which might take extreme forms were to some extent more oriented toward moderate policies.

[EL MERCURIO] What do investors expect now?

[Costabal] There is every expectation that the efficient functioning of this social market economy will continue in a democratic, political framework. And that combination is "magic" from the point of view of investor confidence. The factor of uncertainty has given way to what is known and considered good. There is an economic program which has provided guarantees of the future and which the people have chosen. The people chose programs which are not vague but are decisive.

[EL MERCURIO] Did you expect this unusual behavior of the dollar and of the stock market?

[Costabal] Saying this after the fact is somewhat presumptuous. However, in a sense, it was anticipated.

[EL MERCURIO] Does this mean that those who are active in the market were hoping for a victory by the CPPD?

[Costabal] Yes, certainly. The market had anticipated the result and had incorporated that information into the prices of shares and of the dollar over the past 2 months. What they had not anticipated so clearly was the makeup of parliament, the manner in which the whole election took place, and the very soothing statements made by the winners.

[EL MERCURIO] Now, without being presumptuous, do you think that the prices of the dollar and of stocks will tend to stay within normal ranges until the transfer of power next March?

[Costabal] Yes, unless external factors affecting us come into play, such as an increase in international rates of interest, in addition to internal political developments. Regarding political developments, I have a prediction to make. It seems to me that the period between now and March 1990, more than anything else, will be a time for organization, rather than for changes in the government's program.

The Transfer of Power

[EL MERCURIO] You said that an important part of your activities will relate to the orderly transfer of the Ministry of Finance to the next government. How will your relations be with the technical experts of the CPPD?

[Costabal] I am ready to receive any suggestion from them. I will look for the best way to deal with them in accordance with statements made by Alejandro Foxley. In addition to meetings between the outgoing and the incoming minister he reportedly will suggest setting up working groups.

[EL MERCURIO] And is that possible?

[Costabal] Yes, because in that way it will be much more efficient, since a transfer of responsibility can take place at the level and in the areas which each question requires.

[EL MERCURIO] What is your opinion of Alejandro Foxley, who may be the next minister of finance?

[Costabal] I have a very high opinion of him. Apart from the obvious political differences I feel a certain solidarity with him from the professional point of view, as colleagues. I am thinking about the problems which will have to be dealt with.

[EL MERCURIO] And what would the most important problems be?

[Costabal] The pressures of a political team made up of representatives of very different groups. This problem has also existed within this government. It is another dimension, not ideological but programmatic in form, in the sense of what weight economic management will have in the next government.

[EL MERCURIO] Many employers supported the candidacy of Hernan Buchi, because he guaranteed the continuation of a given, economic model. What would you say to them now?

[Costabal] I would say that, although from the programmatic and political points of view, the continuation of the present economic framework is not certain, you have to look at existing advantages. There is a well founded prospect that important principles of economic policy followed up to now may be shared by a broader group among the people. Therefore, although there is a risk, there is also a challenge, the possibility that an important part of our principles are supported by a large proportion of the people, which provides a basis for a great deal of hope.

Colombia

Minister, Attorney General on Extraditables

PA1801212090 Bogota Radio Cadena Nacional in Spanish 1200 GMT 18 Jan 90

[Text] Bogota—Colombian Government Minister Carlos Lemos Simmonds and Attorney General Alfonso Gomez Mendez have adopted firm positions regarding the statement released by the Extraditables in Medellin yesterday.

Minister Lemos expressed his satisfaction over the extraditables' response to the letter sent by the notables. Lemos, however, stated that the government is determined to make people respect the Constitution and the law, and he ruled out abolishing extradition as a mechanism to fight drug trafficking.

Attorney General Gomez stressed that the Colombian people cannot forget the crimes committed by organized criminal organizations and that those crimes cannot be concealed under a veil of forgiveness as some criminals want.

Gomez warned that governments cannot kneel down before any kind of blackmail from criminal organizations because that would be a betrayal of their basic legal principles.

Extraditables Release Hostage Kidnapped 14 Dec

PA1901011190 Paris AFP in Spanish 2352 GMT 18 Jan 90

[Text] Medellin, Colombia, 18 Jan (AFP)—Roberto Toro, the son of one of the owners of a huge store chain and the third hostage of the clandestine Colombian drug group, the Extraditables, to be released, was freed here this afternoon.

Kidnapped on 14 December, Toro repeated three times before the press a verbal message from that organization, which said:

"The Extraditables will release the remaining hostages. We ask President Bush and the DEA gentlemen: If they do not believe what the drug traffickers say, why do they negotiate with them and make them testify against other defendants?"

Toro, visibly nervous, was found chained by the waist to a fence outside a house on Nutibara Avenue in the Laureles neighborhood in the southeastern part of Medellin.

The police broke the padlock holding the chain and took Toro inside a nearby house to recover. Afterward, he was taken to the main secret service garrison for an official investigation.

In a brief statement, Toro said he was lured away from his office under the pretext of an business deal and taken to a farm he could not identify. Toro added that he was treated well and that his health is normal.

According to witnesses, Toro's captors led him out of a car and chained him to a fence telling him: "Stay here; reporters will arrive soon." His captors then fled.

The car's three occupants were young men wearing blue jeans and a different colored shirt each: green, red, and blue.

Yesterday the Extraditables freed Patricia Echavarria and her daughter Dina, who carried an 11-point document in which the Extraditables offered to halt their terrorist actions, stop shipping cocaine abroad, and release some 17 kidnapped people, in exchange for "guarantees and respect" for the life of their members and families.

Among the dozen and a half people kidnapped is Gustavo Montoya, son of German Montoya, President Virgilio Barco's secretary.

The government received with caution this apparent surrender, stressing that it will not make any deals or concessions whatsoever outside the Constitution, but giving assurances that the criminals will enjoy all legal guarantees in the event they are charged.

Ecuador

Former President Febres Reacts to Arrest Order

PA1901043990 Madrid EFE in Spanish 0255 GMT 18 Jan 90

[Text] Guayaquil (Ecuador), 18 Jan (EFE)—Commenting on a Supreme Court decision to arrest him, former Ecuadoran President Leon Febres Cordero said that "today is a day of mourning for Ecuadoran justice." The top Ecuadoran court also ordered the confiscation of Febres Cordero's properties up to $250,000.

Febres Cordero and Miguel Orellana, his son-in-law and former private secretary, are accused of "arbitrarily" delivering $150,000 to an Israeli expert for unspecified security-consulting services. However, the former president said that such services were hired in connection with the struggle against terrorism.

At a news conference in which he was accompanied by several of his former associates, Febres reiterated that he is innocent and charged that, by making him stand trial and ordering his preventive arrest, Supreme Court President Ramiro Larrea is becoming involved "in collusion, political deals, and political chicanery"

Febres noted: "The Ecuadoran people know me. They know that I am an honest man and that I am innocent."

He said that he will appeal the court ruling and will defend his honor "as a good man. I am not going to run away. I will proudly, courageously, and firmly defend myself against this miserable hoax."

He added that his political and personal enemies have joined efforts to carry out "their cowardly vengeance." He explained that during his administration he used these funds legally to seek peace and tranquillity for the Ecuadoran people and "to rid the country of the scourge of terrorism."

After the news conference, Febres and hundreds of followers staged a demonstration through the main streets of Guayaquil, but it was quickly ended by police, who used tear gas to disperse the demonstrators.

The case in which Febres is involved was initiated last year against Miguel Orellana, who delivered the money to Ran Gazit, an Israeli citizen. Febres, however, has publicly assumed full responsibility for the case.

Stronger Penalties for Drug Crimes Proposed

PA1801143390 Paris AFP in Spanish 2020 GMT 17 Jan 90

[Text] Quito, 17 Jan (AFP)—The Ecuadoran Government has proposed constitutional reform that will allow the extradition of drug traffickers and has asked for U.S. economic aid to fight drug trafficking, official spokesmen confirmed today in Quito.

On 16 January, a U.S. mission headed by the U.S. State Department Assistant Secretary for South America, [words indistinct] security measures.

That same afternoon, the government presented a second proposal for legal reforms, requesting approval of a bill that would allow the extradition of citizens charged with drug trafficking in other nations. The proposal also seeks to regulate the right to file writs of habeas corpus—currently handled by mayors—so that in the case of those accused of drug trafficking, the request is filed at the Tribunal of Constitutional Guarantees.

On 12 January, the Ecuadoran Government presented a bill that proposes harshening jail sentences for crimes related to drug trafficking.

The bill proposes increasing from 12 to 25 years the maximum sentence for the first drug-trafficking offense, and the possibility of accumulating jail sentences for up to 40 years. In addition, the bill proposes increasing fines to the equivalent of 1,000 times the minimum wage. The bill would also make it possible to control the laundering of money optained through drug trafficking.

Michael Skol and his retinue held meetings with President Rodrigo Borja, Vice President Luis Parodi, and a commission comprised of the government minister, the Congress president, the attorney general, the defense minister, the acting foreign minister, and the deputy finance minister.

Over the past weekend, the U.S. official attended a preparatory meeting in Santa Cruz, Bolivia along with delegates from Colombia, Peru, and Bolivia, prior to the presidential summit with George Bush scheduled for 15 February in Cartagena.

Ecuador, as well as the three aforementioned Andean countries, accepts U.S. economic aid to fight drug trafficking, but rejects the possible use of U.S. military forces in that effort.

[Government and Justice Minister Andres] Vallejo clarified that drug trafficking cannot serve as a pretext for any kind of intervention. He pointed out that the United States cannot demand anything in exchange for the economic support it provides to fight drug traffickers.

The Ecuadoran minister also revealed that the aid would be earmarked for control operations at the borders and for police communications equipment.

Skol said the talks were "very interesting and very important."

Peru

Panamanian Charge Recalled 'for Consultations'

PY1901014290 Madrid EFE in Spanish 0013 GMT 19 Jan 90

[Excerpts] Lima, 18 Jan (EFE)— Panamanian Charge d'Affaires Jaime Serrano said today he has received no official notification that he has been "expelled" from Peru. He added that his government has recalled him "for consultations."

Answering a question about his alleged expulsion from Peru, he said: "I have no official notification in this regard."

Serrano declined to comment on Peruvian-Panamanian relations which are currently experiencing diplomatic problems for the first time in the history of Panamanina-Peruvian ties. [passage omitted]

When asked about charges made yesterday by Peruvian Foreign Minister Larco Cox, Serrano said: "I have no official Panamanian Government information that Sandiga was mistreated or harassed upon his departure for Lima."

Serrano, who talked to the press in the airport press room, said that Noria de Velasco, the head of the Panamanian Embassy archives department, has been left in charge of Panamanian diplomatic affairs in Peru.

Serrano headed the Panamanian Embassy in Peru [words indistinct] 3 months ago.

There were no police guards today at the Panamanian Embassy where a spokesman said the embassy will be opened to the public as of 22 January.

Terrorists Kill 29 Persons in Ayacucho and Junin

PY1801164890 Madrid EFE in Spanish 0041 GMT 18 Jan 90

[Text] Lima, 17 Jan (EFE)—Police sources today reported that at least 29 people have been killed by Shining Path terrorists in the Ayacucho and Junin Departments in the past 24 hours.

Today the Shining Path terrorists killed 22 peasants in the townships of Paccha and Rosaspata, in Vinchos District, 56 km south of the capital of Ayacucho Department.

Police in the town of Ayacucho, 575 km southeast of Lima, have reported that Governor [first name indistinct] Valeriano, and community chairman Eusebio Quispe were killed in Paccha.

The source added that [words indistinct] an undetermined number of injured could not be taken to Ayacucho by helicopter due to bad weather.

On 16 January, Shining Path terrorists killed seven people, including one policeman and two councilmen, in three townships of Junin, in the Peruvian central mountain region.

The terrorists shot dead the policeman in the town of San Ramon, in the jungle area of Junin Department, and the two councilmen, both members of the Democratic Front (FREDEMO) from Cochamarca. They also killed four peasants in Masma, Jauja Province.

The police of Huanta, in Ayacucho Department reported today that in the area of (Iribamba) Shining Path terrorists beat and threatened to kill a tractor driver before dynamiting the tractor, which was owned by a state development organization.

Since the beginning of January, political violence has claimed the lives of 144 people, including those who were killed on 16 and 17 January.

During attacks similar to those perpetrated in Vinchos, [words indistinct] on 13 January (?killed) 39 people, most of whom were members of the "Peasant Defense Patrol" (civilian militias) who oppose the terrorist groups. The attacks were staged in several townships of the Acosvinchos area, some 50 km northeast of Ayacucho, according to the Ayacucho political military command. AT the end of 1989 a congressional commission that analyzes the reasons for the violence in the country reported that 17,500 people have died since the Shining Path terrorist organization began its activities in 1980.

Uruguay

Cavallo, Minister-Designate Discuss Integration

PY1801213890 Madrid EFE in Spanish 0258 GMT 18 Jan 90

[Text] Montevideo, 17 Jan (EFE)—It was reported here today that Argentine Foreign Minister Domingo Cavallo and his future Uruguayan counterpart designated by President-elect Luis Alberto Lacalle have agreed to promote a new Latin American integration process through the so-called "Group of Eight."

Cavallo, who is vacationing at the Uruguayan beach of Punta del Este, 147 km from Montevideo, has told the local press that the Group of Eight and the "ALADI," [Latin American Integration Association] are "instruments which, if effectively implemented, in a very short period of time, from 5 to 10 years, can help organize a true Latin American common market."

Cavallo added: "By 1992, when the 500th anniversary of America's discovery is celebrated and when Europe consolidates its unity, we would like to have already begun this economic integration process, with no tariff barriers whatsoever to trade among our nations."

The Group of Eight, after the forceful separation of Panama because of its domestic political situation, is a mechanism of political coordination comprised of seven countries: Argentina, Brazil, Colombia, Peru, Mexico, Venezuela, and Uruguay.

The "Latin American Integration Association" (ALADI) includes these countries and Chile, Paraguay, Ecuador, and Bolivia.

Cavallo added that the foreign and economy ministers of the Group of Eight have already agreed on "a new way of integration, using some ALADI mechanisms, which are applicable in a more general manner, which require less negotiation, and which offer fewer weak points for the affected sectors who may want to hamper the process."

The group has established that, before 1 April 1990, each of the nations must eliminate all restrictions to Latin American trade, and it has also agreed to reduce the percentage of the so-called "regional tariff preference," Cavallo explained.

The Argentine foreign minister added that this decision "aims at advancing toward a more automatic, generalized, and therefore, more effective integration."

Chile, which will again have a democratic government after 16 years of a military regime when President-elect Patricio Aylwin assumes office on 14 March [as received], and Paraguay, with a government elected by popular vote, recently joined Ecuador and Bolivia in expressing their interest in joining the Group of Eight.

Future Uruguayan Foreign Minister Gros Espiell, who recently met with Cavallo to assess bilateral relations, also admitted the need to begin a new study on the Group of Eight and the current Latin American situation after the democratization of several countries.

In a news conference, Gros Espiell, 63, stressed the need to "review" the Group of Eight, because so far this mechanism has operated based on a personal relationship among the presidents of each country.

Regarding the inclusion of new members in the Group of Eight, Gros Espiell stated: "Within the viewpoint and line of conduct of the new Uruguayan Government, the idea is to have an action that will not discriminate against any democratic country."

The future Uruguayan foreign minister added that Paraguay and Chile are now being contemplated as candidates to join the group, in addition to the previously viewed cases of Ecuador and Bolivia.

Future Foreign Minister Outlines Foreign Policy

PY1801115290 Montevideo EL DIA in Spanish 12 Jan 90 p 7

[Text] Hector Gros Espiell has been confirmed by President-elect Luis Alberto Lacalle as the Foreign Minister designate. Gros Espiell said that the general guidelines of the current foreign policy will be maintained.

Gros Espiell is a doctor in law and social science. He is a professor with a long diplomatic career that began in 1964 after working as a Foreign Ministry undersecretary in 1963 under the second term of the National Party government. Gros Espiell announced that next Monday he will hold a long working session with President-elect Lacalle to define positions on some specific problems in foreign policy. He noted, however, that he has definite ideas over reorganizing the so-called Group of Eight, and confirmed that the foreign service will be entirely revamped on the basis of a bill that will be submitted to Congress.

The future foreign minister said: "Foreign policy is not, and must not be, a partisan policy. One of Uruguay's great advances in recent years is having achieved a suprapartisan consensus on a national foreign policy responsive to the permanent interests of the nation and to its defense."

He then added that "there will be specific changes, adjustments, and differing viewpoints, but the main guidelines of the Uruguayan foreign policy will be maintained."

He announced that the foreign policy of the future government will emphasize the trend toward integration because it is specified in the Uruguayan Constitution.

"The perception of Uruguay and of its international role presupposes a clear policy directed at the economic and social integration with other Latin American countries," he affirmed, adding that the integration policy with Argentina and Brazil will be continued, and "a policy encouraging the participation of Paraguay and Bolivia" will be implemented.

Asked about the problems in the fishing agreements signed with Argentina, Gros Espiell said that his ministry will deal with them promptly. He said that this point will be included in the meeting next Monday with President-elect Lacalle, as will the subject of recognition of the government of Panama.

He did not dismiss the possibility of seeking contact with the current officials of the Foreign Ministry to obtain information on these issues.

In answer to a question about the possible expansion of the Group of Eight, Gros Espiell said he had an established opinion on that issue. He said the Group of Eight "was born and developed in accordance with an international situation different from the current one." He added that this group also operated in accordance with "a personal relationship between presidents who are no longer running the Group of Seven." He calls it the Group of Seven because "Panama is no longer a member, having been suspended. Therefore, we have to think about reorganizing this group."

Gros Espiell added that "considering the new position and guidelines of the new Uruguayan government, which opposes any discrimination with any South American democratic country" there is a problem because Paraguay, Chile, Bolivia, and Ecuador are not members of the group.

Gros Espiell also indicated that a new Foreign Service Law, which is being studied, will be submitted to Congress in the first few months of the new administration. He added that the new law seeks to make the Foreign Service operations more technical "to become an adequate instrument for the interests of the nation, and especially to more actively participate in commercial operations."

He said that "I am sure we have excellent human resources. Within a new legal framework they will be of great value to the new government policies and their development in the next few years." He also said he knows the Foreign Ministry personnel very well.